2025 Cost Recovery Report for Alaska

June 2026

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Suggested Citation:
NMFS (National Marine Fisheries Service). 2026. 2025 Cost Recovery Report for Alaska. National Oceanic and Atmospheric Administration, 709 West 9th Street. Juneau, Alaska 99802.

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Table of Contents

1 Introduction

Cost recovery is an essential component of fisheries management under the Magnuson-Stevens Fishery Conservation and Management Act (MSA). Specifically, section 304(d) of the MSA requires the collection of cost recovery fees so that National Marine Fisheries Service (NMFS) can recover actual costs directly related to the management, data collection, and enforcement of Limited Access Privilege Programs (LAPPs) and the Community Development Quota (CDQ) Program. LAPPs are fishery management strategies that allocate a specific portion of the total allowable catch (TAC) to individuals, cooperatives, or communities. These programs aim to enhance economic efficiency, promote sustainability, and support long-term resource management. In Alaska, the North Pacific Fishery Management Council (NPFMC) and NMFS Alaska Region (AKR) have implemented multiple LAPPs:

- Pacific Cod Trawl Cooperative (PCTC) Program - BSAI trawl catcher vessel Pacific cod fishery during the A and B seasons.
- Bering Sea and Aleutian Islands (BSAI) Crab Rationalization (CR) Program – BSAI crab fisheries.
- American Fisheries Act (AFA) Program – Bering Sea directed pollock fishery.
- Amendment 80 (A80) Program – BSAI non-pollock trawl catcher/processors.
- Aleutian island Pollock (AIP) - Aleutian Islands pollock fishery allocated to the Aleut Corporation
- Western Alaska Community Development Quota (CDQ) Program – Allocates a portion of TAC to eligible Western Alaska communities.
- Individual Fishing Quota (IFQ) Program – Pacific halibut and sablefish fixed-gear fisheries.
- Central Gulf of Alaska Rockfish (RP) Program – Central Gulf of Alaska rockfish fisheries.

The cost recovery programs in Alaska's federally managed fisheries were put into place at different times, and each has distinct regulatory requirements outlined in 50 CFR Part 679 and 50 CFR Part 680, detailing fee calculations, payment responsibilities, and administrative oversight (Table 1-1). All of the programs implement a recovery fee process to offset the actual costs directly related to the management, data collection, and enforcement of the program. The MSA 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. Each year, NMFS determines the annual fee percentage for each program, ensuring that collections align with actual program costs while remaining within statutory limits.

This report consolidates cost recovery data and analysis across all programs, providing a comprehensive view of fisheries cost recovery in Alaska for the 2025 fiscal year. New for 2025, this report also contains information on the first year of the Trawl Electronic Monitoring (EM) program fee collection. The content and format of this report was based on Council recommendations, stakeholder engagement, and feedback from industry representatives (see section 1.1 below). By integrating data from multiple programs, the report aims to:

- Provide a clear explanation of the methods for calculating cost recovery fees.

- Present a consolidated financial summary, including direct program costs and total ex-vessel values.
- Enhance transparency regarding cost allocation and program management.

1.1 Council Recommendations

At the February 2024 meeting of the NPMFC, representatives of all catch share programs in Alaska presented a letter requesting NMFS increase transparency in the cost recovery report. In response, NMFS committed to an iterative process to improve the information included in the agency's cost recovery report.

After the presentation of the first consolidated cost recovery report at the April 2025 NPFMC meeting, NMFS is continuing to increase transparency for all cost recovery programs. The Council motion requested that NMFS and the NOAA Office of Law Enforcement (OLE) evaluate all travel, rent, lease and utility costs and cease charging for any that are not determined to be incremental costs and that OLE evaluate all investigations to determine whether they are specific to that LAPP or would have been an investigation regardless of the existence of a LAPP.

Additional Council recommendations were:

- Provide additional guidance to entities tracking incremental costs under Cost Recovery programs on how costs should be tracked using "but/for" policies and procedures and share a copy in the report.
    - In response to the Council's recommendations, NMFS staff updated the NMFS Alaska Region Guidance: Tracking Incremental Costs for Cost Recovery Fee Collection (Appendix A). This document expands on the previous guidance to clarify how NMFS AKR expects staff to bill to cost recovery programs and determine which costs are recoverable. NMFS staff also sent a Cost Recovery Memorandum (Appendix B) to all external agencies who submit direct program costs for any cost recovery program. Both documents were sent to partner agencies in May 2025.
- Develop and share a clear policy that emphasizes minimizing costs for the regulated public.
    - NMFS has drafted internal guidance policies on minimizing costs (see Appendix A)
- Document efforts to minimize costs and describe cost savings in all cost recovery programs.
    - Details on cost savings and efforts to minimize costs where possible can be found in the individual program sections of this report.
- Provide greater clarity on how NMFS is able to administer cost recovery programs outside of Alaska with lower overall costs.
    - NMFS is currently engaged in a nationwide conversation about cost recovery programs and ensuring that all regions are administering their cost recovery programs equitably.
- Describe personnel costs by specific offices, categories, tasks, and hours similar to NMFS West Coast Region.
    - We have provided this information to the extent practicable throughout the document.
- List recent regulatory projects (2021-present) that met the criteria to use cost recovery fees.

  - A list was not generated for this version of the report. Regulatory projects are highlighted in each cost recovery section and in future versions of the report, these regulatory projects that meet the criteria to use cost recovery fees will be identified.
- Describe the types of violations and enforcement actions requiring the imposition of cost recovery fees from 2021- present.
  - NOAA OLE considers the majority of work performed by Enforcement Officers and Agents in investigating violations, potential and confirmed, within LAPPs to be recoverable. However, as described in Appendices E and F (see 4.A. and 6. for both) of this report, OLE does not report individual fifteen-minute increments spent on enforcement activities due to the complex nature of Alaska's fisheries. Because OLE cannot predict where, when, and by which fishery participants inadvertent or intentional noncompliance will occur, OLE's annually-approved and validated method is to examine case-load worked, hours spent patrolling and boarding, and pulse operations requiring sworn personnel travel to alternate sites across the Division, bi-annually each fiscal year within each Area Of Responsibility. OLE then applies this apportioning formula to personnel labor for the current year. This means that there is a retroactive built-in delay interval of at least six months, and generally a year. Please refer to the Memoranda "Incremental Enforcement Costs for LAPP and CDQ Programs" and "Incremental Enforcement Costs for IFQ Program" in Appendices E and F for more detail. Because OLE has applied this method, individual time increments on individual case bases are not tracked at the granularity that Council is herein requesting.
- Detail why compliance assistance is a recoverable cost when compliance assistance has been a long-standing feature of NOAA OLE activities.
  - In a strict sense, "Compliance Assistance" is one level of a suite of enforcement actions available to sworn staff to apply—at their discretion—for each case where violations are detected. In order of ascending severity, sworn staff may refer cases to other agencies, issue compliance assistance (a documented action level), fix-it tickets, written warnings, summary settlements, notice of violation assessments, and referrals for criminal prosecution. The Council may alternatively be referring to outreach and education performed by sworn and non-sworn staff. In both scenarios, the entire regulatory structure of the LAPPs is both different and typically far more complex than the non-LAPP programs that preceded them. Therefore, steps taken to educate stakeholders per the new and different regulations comprising each LAPP are necessarily incremental.
- Provide additional data on NOAA OLE incremental costs under all cost recovery programs including: number of investigations (including a breakout of what portion of that investigation is LAPP related) and number of staff.
  - NOAA OLE provided their annually-approved process for billing cost recovery programs in the Memoranda, "Incremental Enforcement Costs for LAPP and CDQ Programs" and "Incremental Enforcement Costs for IFQ Program" in Appendices E and F. As mentioned and described in the Memoranda, NOAA OLE considers the majority of work performed by Enforcement Officers and Agents in investigating violations, potential and confirmed, within LAPPs to be recoverable, though this is not tracked to the 15-minute increment by cases but rather personnel costs. According to agency policy, OLE does not provide case-specific information to the public apart from what is published on NOAA's Office of

General Counsel Enforcement Section website in the Charging Information section, which are also then published to Council B Report documents in OLE's Reports (formerly) or in the General Counsel B Report (currently). OLE provides details relevant to this request via the "Discussion of OLE Costs to Maintain Remote Field Offices Versus Travel" in Appendix D, to wit: the number of sworn staff employed during Fiscal Year 2025 generating cases, and number of LAPP incidents opened in our Electronic Case Management System by sworn staff, by program.

In addition, the NMFS AKR direct program costs review panel requested additional justification of costs from partner agencies for 6 of the 7 cost recovery programs in 2025. Some of these requests led partner agencies to adjust their billed costs, primarily for rent/utilities. These adjustments represent a policy decision made for FY25 in response to the Council's request, and NMFS is continuing to review the appropriateness of the charges for rent/utilities and other costs going forward. Upon review of the justifications from partner agencies, the Regional Administrator determined all costs NMFS ultimately charged for FY25 are recoverable costs under applicable regulations and policy guidance.

NMFS AKR staff are engaged in a national effort to ensure all cost recovery programs are equitable and agency billing is consistent across regions. It is important to note, however, that the Alaska Region has the largest geographic distribution of ports, many of which can only be reached by air or sea. Managing and enforcing catch share programs in Alaska has logistical challenges that are less prevalent in other regions.

Table 1-1 Summary of date the cost recovery component was established for each program and the final rule citation

	PCTC	CR	A80	AFA	AIP	CDQ	IFQ	RP
Date Established	8/8/2023	3/2/2005	1/5/2016	1/5/2016	1/5/2016	1/5/2016	3/20/2000	11/27/2011
Citation	88 FR 53704	70 FR 10174	81 FR 150	81 FR 150	81 FR 150	81 FR 150	65 FR 14919	76 FR 81248

2 Defining Incremental Costs

The MSA ensures that industry participants contribute to the expenses incurred by regulatory agencies in administering LAPPs and the CDQ Program, with a cap on fees set at a maximum of three percent of the total ex-vessel value of fish harvested under each program. Cost recovery fees recover the actual incremental costs that are directly related to the management, data collection, and enforcement of the programs.

According to the NOAA Technical Memorandum on *Design and Use of Limited Access Privilege Programs*[1], only incremental costs—those that would not have been incurred but for the existence of a LAPP or CDQ Program—are eligible for cost recovery. NMFS AKR has developed, and maintains, internal guidance for agency staff in tracking incremental costs, which describes specific administrative, compliance, and enforcement activities that arise due to the existence of a LAPP or CDQ Program. The *NMFS Catch Share Policy*[2] further clarifies that fees must be directly tied to the program's operation, ensuring that costs recovered do not extend beyond what is necessary to maintain the system.

The key criteria for a cost to qualify as incremental and therefore a recoverable expense include:

1. Direct Association with the LAPP or CDQ Program – The cost must be incurred specifically because the program exists and would not be necessary otherwise.
2. Beyond General Fisheries Management – The cost must exceed standard fisheries management practices, which apply to all fisheries.
3. Essential for Effective Program Oversight – The cost must contribute to the ongoing administration, monitoring, enforcement, or development of LAPP-specific policies.

The incremental costs differ from general fisheries management expenses, which are typically covered by federally appropriated funds. Cost recovery ensures that those who benefit from the privilege of access to a LAPP fishery contribute equitably to its administration.

The organizations that can charge costs to cost recovery, called billing entities, include NMFS AKR, OLE, NMFS Alaska Fisheries Science Center (AFSC), International Pacific Halibut Commission (IPHC), Alaska Department of Fish and Game (ADF&G), Pacific States Marine Fisheries Commission (PSMFC), and NMFS Financial Services Division (FSD).

2.1 Agency Cost Categories

When NMFS provides reports on cost recovery, the agency identifies costs in the following categories:

- **Personnel and benefits** are costs directly proportional to the amount of labor an employee spends on a given LAPP. Personnel costs are either directly tracked in 15-minute increments or distributed via annually updated formulas for NOAA OLE, SFD eLandings support staff, and IT system application development programmers (see Appendix C for more details). Examples of

[1] NOAA Technical Memorandum, NMFS-F/SPO-86. Available at: https://spo.nmfs.noaa.gov/sites/default/files/tm86.pdf
[2] NMFS Policy Directive 01-12. Available at: https://media.fisheries.noaa.gov/dam-migration/01-121-01.pdf

costs that are directly tracked are: issuing or transferring permits, analyzing fishery management issues directly relevant to a LAPP, or analyzing and drafting documents necessary to implement regulatory or FMP changes to a LAPP or CDQ program.

- **Travel** costs include flight, lodging and rental vehicles (as needed). These costs are apportioned based on the purpose of the travel and staff work with their supervisors to determine the appropriate percentages based on LAPP participation. For example, flying staff into Dutch Harbor to conduct at-sea scale inspections would be applied to AFA costs and a portion that is not eligible for cost recovery. Staff travelling for an in-person eLandings training event would primarily bill to the LAPP(s) that would be reasonably expected to attend. For example, the agency would expect that a training held in Southeast Alaska would primarily be attended by participants in the IFQ LAPP and would primarily be billed to IFQ.
- **Transportation** costs are primarily the shipment of items, such as the calibration weights for scale inspections and materials used by port samplers in the IFQ program.
- **Printing** costs would include training materials for observers to reference while at sea and outreach materials describing LAPP responsibilities. Examples of these materials can be made available on request.
- **Contracts/training** is an aggregate of contracts, contract fees and training costs. This cost category includes the contract for eLandings support staff and the contract for the OLE data technicians, both of which provide front line support outside of normal business hours. This also includes costs for development and maintenance of IT systems that enable LAPPs, including eLandings, the Catch Accounting System (CAS), and the Integrated Fisheries Application (IFA). Appendix C provides a more detailed description of how contracting costs (including the costs for IFA) are distributed across cost recovery programs.
- **Supplies** include items associated with implementation of a LAPP that can be reasonably expected to be replaced on an annual or biennial basis. This mainly includes sampling supplies for observers and port samplers.
- **Equipment** category includes items needed for administering a LAPP that are expected to last through multiple seasons and would include things such as purchasing a knackbox for dry storage of sandbags, calibration weights for scale inspections in Dutch Harbor, and electronic devices used by fisheries observers and port samplers.
- **Rent/utilities** includes a portion of the rent or utility cost for offices or equipment that would not exist or would require a smaller space if not for the LAPP supported by that office. For example, IFQ is landed in many small ports, and the agency would not maintain offices in many of those ports without the enforcement needs of the IFQ program. Maintaining these offices saves on travel costs (see Appendix D for more detailed information).
    - The NPFMC requested that NMFS and partner agencies reconsider charges to rent/utilities at the April 2025 meeting. Accordingly, the AKR did not include costs for rent and utilities in the 2025 cost recovery process and the Regional Administrator requested that partners remove or reduce these charges and provide additional justification for any remaining charges under this category. These remaining charges are discussed in the program specific sections.
- **Other** costs are any additional incremental costs of a LAPP that cannot be applied to one of the other categories.

2.2 Agency Management Tasks Associated with LAPPs and CDQ

The following section and Table 2-1 provide more details about the types of tasks associated with these cost categories and further explanation about how these tasks meet NOAA's cost recovery policy requirement that agency costs must be incremental (i.e. "in addition") and specifically tied to the management of a LAPP.

This list of tasks is a reference of tasks that have been charged to cost recovery throughout the cost recovery program management and may not reflect tasks identified for cost recovery in 2025. For example, costs associated with inseason management were not collected in 2025 for the groundfish program. However, in the past, some of these costs have been identified as incremental to specific LAPP programs.

2.2.1 Quota Share Administration

These administrative functions are unique to a LAPP program and essential for ensuring the program's effectiveness. Unlike general fishery management, which deals with setting overall catch limits and monitoring compliance, quota share administration involves individualized allocations to specific participants or entities, such as cooperatives. Under LAPPs, the agency must process cooperative and individual applications, perform the quota allocation process, issue permits, process transactions and lease agreements for quota shares. The work for quota allocation, permitting, and processing transactions and leases requires dedicated personnel to verify, approve, and document these activities while ensuring compliance with ownership limits established to prevent excessive consolidation.

Additionally, the maintenance of centralized IT systems and infrastructure to support permitting, quota share allocation, and landings are necessary to implement LAPPs. These IT systems must be updated in real-time to track ownership changes, monitor quota use, and prevent unauthorized transfers. Developing and refining electronic systems for quota tracking improves transparency and efficiency, reducing errors and disputes between quota holders and regulatory agencies.

Customer support services for quota holders ensure that industry participants understand their rights and responsibilities under the LAPP framework. This includes responding to inquiries, assisting with permit renewals, and troubleshooting technical issues related to electronic quota tracking systems. Without these services, the program would face compliance challenges and potential misallocations of quota shares.

Audits of quota ownership structures are essential to ensure that program rules regarding consolidation limits and transfer restrictions are upheld. These audits require significant administrative effort and are a direct result of implementing a LAPP program. Finally, training and outreach programs help quota holders navigate regulatory requirements, reducing the likelihood of inadvertent violations and improving overall program compliance.

These actions would not be necessary if there were no LAPP program. In a non-LAPP-managed fishery, quota shares would not exist, and management would focus solely on overall catch limits and enforcement at the fleet level. The complexity of individual allocations and transfers necessitates a dedicated administrative structure, justifying the use of cost recovery fees to support these functions.

2.2.2 Catch Monitoring

LAPPs require specific accounting and tracking of individual quota holders' or cooperatives' harvests. In addition, many of the Alaska LAPPs allocate prohibited species catch (PSC) to entities (e.g. cooperatives) that are enforced through regulatory provisions that prevent the fishery participants from exceeding a PSC allocation. These program elements require robust catch monitoring with a combination of observer coverage and monitoring tools (e.g. at-sea flow scales, compliance video) to ensure accurate accounting of catch and bycatch under a LAPP and compliance with LAPP regulations. While observers were deployed prior to some cost recovery program implementation, the high level of observer coverage and the number of observers needed to support all the Alaska LAPPs and CDQ Program create costs to the agency that go beyond general fisheries monitoring.

LAPPs also necessitate the implementation, support and tracking of specific tools tailored to catch monitoring of a LAPP program. For example, flow scales are used to weigh fish precisely and accurately in some LAPP fisheries. These systems must be tested and certified annually. Video monitoring systems such as scale video monitoring and halibut deck sort monitoring are used to ensure compliance with regulations. Without these systems to support LAPP fisheries, the potential for tampering or practices that affect the accuracy and precision of LAPP catch would be diminished. The use of video compliance systems provides additional oversight in cases where observers may not be present, ensuring catch is sorted and accounted for appropriately and accurately. This includes providing training to vessel operators and observers on proper use of these video systems and refining data storage and retrieval methods.

NMFS incurs the cost for the inspection and approval of these catch monitoring tools. In addition, inspection and approval of observer sampling stations necessary to collect the data in the LAPP program is also a cost to the agency. These inspections and approvals would likely not be required in the general fishery.

NMFS incurs costs in maintaining, reviewing, and completing quality checks on observer reports. This work is critical to ensuring that participants do not exceed their allocated quotas and that all reported landings accurately reflect what was harvested. Additionally, electronic monitoring (EM) programs involve developing software tools that track vessel activities and catch data, ensuring that all harvests align with the permitted quotas.

The implementation of LAPPs requires dedicated personnel for reviewing and validating data. LAPP program managers consistently engage with agency staff to ask for research into data when CAS differs from their data. Depending on the questions raised, these can range from quick conversations to multi-day exploration of the data. LAPP programs also require subject matter experts to respond and research potential violations. Cost recovery fees ensure that these specialized compliance and verification functions remain fully staffed.

Additionally, cost recovery funds support audits of observer data against electronic reports, ensuring consistency between human and automated monitoring systems. This dual-verification approach strengthens compliance efforts and reduces disputes over quota violations. The ability to conduct independent reviews of video footage ensures that instances of misreporting or noncompliance are identified and addressed promptly.

These robust catch monitoring activities would not be necessary without a LAPP program. In a non-LAPP fishery, enforcement and monitoring efforts would focus on broad-scale fleet activity rather than individual vessel compliance. Since LAPPs allocate specific quotas to individual participants, a higher level of oversight is essential to maintain the integrity of the program. The costs associated with these monitoring activities directly support the unique requirements of LAPPs, justifying their inclusion in cost recovery fees.

2.2.3 Dockside Monitoring

Dockside monitoring and enforcement are critical to ensuring that landings correspond accurately to allocated quotas and that illegal or misreported landings do not undermine the integrity of the LAPP framework. These activities extend beyond general fisheries management as they focus on individual accountability within a LAPP, necessitating a higher level of oversight and enforcement.

Dockside monitoring ensures that each vessel offloading catch does so in compliance with LAPP regulations. This requires dedicated personnel to inspect catch upon arrival at port, verify weights using certified scales, and reconcile the physical catch against electronic and paper-based landing reports. Without this level of verification, the potential for misreporting or quota evasion would increase significantly. The length of fisheries' seasons under LAPP programs necessitates more staff in more locations to support this level of inspection. For example, port samplers must be in multiple locations throughout the year.

The IFQ program includes a Prior Notice of Landing requirement that enables dockside monitoring of landings. Enforcement personnel are stationed at key landing sites to oversee offloading procedures and confirm compliance with quota allocations. They conduct random checks and targeted audits based on risk assessments, ensuring that vessels are not exceeding their permitted take. These measures provide an additional layer of accountability, reducing the risk of quota violations.

Cost recovery funds also support the review and reconciliation of logbooks, sales receipts, and fish tickets to detect discrepancies between reported and actual harvests. Inspectors work to identify patterns of misreporting or potential fraud, referring violations for further investigation if necessary. These tasks are essential in preventing abuse of the quota system and maintaining fair market competition among participants.

Additionally, investments in technology allow for real-time catch reporting through electronic landing systems, which improve the efficiency and accuracy of data collection. By integrating dockside enforcement with electronic reporting tools, NMFS can quickly identify anomalies and take corrective actions when necessary.

These activities would not be required in a non-LAPP fishery, where enforcement typically focuses on overall fleet-wide quotas rather than individual vessel accountability. The individualized nature of LAPPs necessitates a more detailed and resource-intensive approach to catch monitoring, making these functions a justifiable cost recovery activity. Without these measures, the potential for quota mismanagement would increase, reducing the effectiveness of the LAPP system.

2.3.4 Compliance Monitoring and Enforcement

Compliance monitoring and enforcement actions are critical to ensuring that LAPP participants adhere to established regulations and that quota allocations, PSC limits, and sideboards are not abused. Unlike general fisheries enforcement, which primarily monitors aggregate sector-wide activity, LAPP enforcement focuses on individual permit holders and cooperative groups, requiring more granular oversight and targeted investigations.

Conducting dockside compliance monitoring and audits allows NMFS to systematically review quota transactions, landings, and operational practices of LAPP participants. This process helps identify discrepancies between reported and actual catch, ensuring that quota holders comply with their allocated shares and do not engage in unauthorized activities.

Reviewing vessel activity reports for potential violations provides NMFS with real-time oversight of LAPP participants' fishing behaviors. These reports, submitted electronically or manually, help flag potential instances of exceeding quota limits, fishing in restricted areas, or failing to comply with observer and monitoring requirements.

Investigating quota overages and noncompliant landings involves a detailed examination of reported landings versus quota allocations. NMFS staff must work closely with dockside monitors, observers, and electronic monitoring systems to verify that catch records are accurate and that participants are not circumventing regulatory controls.

Lower-level enforcement actions, including Compliance Assistance and Fix-It notices, serve as deterrents against minor infractions before they escalate into more serious violations. These actions provide fishery participants with formal warnings and opportunities to correct noncompliant behavior before more punitive actions are pursued.

Coordinating with law enforcement agencies regarding serious infractions ensures that the most egregious violations—such as intentional quota fraud, illegal discarding, or unreported landings—are properly investigated and prosecuted. NMFS AKR works with OLE, the U.S. Coast Guard, Alaska Wildlife Troopers, and other federal and state agencies to uphold the integrity of LAPP fisheries.

Administering penalties, seizures, and sanctions for rule violations ensures that noncompliant behavior is met with appropriate consequences. Sanctions may include quota reductions, fines, or permit suspensions, depending on the severity of the infraction. Cost recovery funds help sustain the administrative and legal processes necessary for effective enforcement.

Maintaining compliance databases is essential for tracking historical infractions, monitoring trends in noncompliance, and supporting future enforcement actions. These databases provide regulators with a standardized and uniform process to track participant compliance records, facilitating efficient oversight and felicitous and consistent decision-making.

Facilitating educational outreach on regulatory requirements helps LAPP participants understand their obligations and avoid unintentional violations. NMFS conducts workshops, provides written guidance,

conducts company-specific, cooperative-specific, and individual vessel-specific compliance meetings, and offers direct assistance to quota holders to improve awareness of compliance expectations.

These activities would not be necessary in a non-LAPP fishery, where enforcement efforts are focused on fleet-wide limits rather than individual participant accountability. The detailed nature of LAPP compliance monitoring requires specialized personnel, investigative procedures, and enforcement mechanisms, justifying the allocation of cost recovery funds to these functions.

2.3.5 In-Season Quota Management and Bycatch Reduction

It should be noted that while these are incremental costs and could be billed, in 2025, NMFS did not charge many of the tasks in this category to cost recovery.

While in-season management existed prior to LAPP implementation, the introduction of LAPP-specific allocations necessitated additional administrative functions that are unique to these programs. Unlike traditional fleet-wide quotas, LAPP fisheries require continuous oversight of individual and cooperative quota usage to ensure compliance with program rules and efficient allocation of available harvest.

Facilitating inter-sector and intra-cooperative quota transfers is a key function enabled by LAPPs, allowing for the efficient reallocation of unused quota within established regulatory guidelines. NMFS provides administrative support to review, approve, and document these transactions, ensuring transparency and compliance with allocation limits.

Real-time tracking and reporting for LAPP participants differ from general fishery-wide monitoring, as allocations must be reconciled at an individual or cooperative level rather than across an entire sector. This requires dedicated staff to maintain accurate records, process adjustments, and respond to participant inquiries regarding quota status. The harvest specification processes are more complex with LAPPs as well. For example, in Amendment 80, evaluation and entry of sideboards into CAS takes dedicated effort from staff.

Processing quota carryovers, where permitted, ensures that unharvested allocations from one season can be applied in subsequent years without exceeding conservation limits. This function is specific to LAPPs, as traditional fishery management does not typically provide for such flexibility in allocation adjustments.

Monitoring cooperative compliance within LAPPs is critical to ensuring that quota is harvested in accordance with program rules. Unlike pre-LAPP enforcement, which focused on fleet-wide limits, compliance efforts under LAPPs target specific entities and may involve additional auditing of transactions and quota usage.

Targeted outreach to quota holders provides direct support for LAPP participants, ensuring they understand and adhere to in-season regulatory changes. This outreach is an essential component of effective LAPP management, helping quota holders navigate evolving requirements and maximize the value of their allocations.

These activities would not be required in a non-LAPP fishery, where in-season management focused only on broad seasonal limits rather than individual allocations. The added complexity of LAPP fisheries

justifies the allocation of cost recovery funds to support these functions, ensuring efficient and compliant management of quota holdings.

2.3.6 Development and Maintenance of IT systems to enable reporting and catch accounting

The development and maintenance of IT systems and electronic reporting systems are crucial to the effective management of LAPP fisheries. These systems enable NMFS to monitor individual participant compliance with LAPP regulations more efficiently, reducing the likelihood of quota overages or misreporting.

As each LAPP was developed, NMFS has implemented electronic reporting and CAS to ensure that all catch share program catch information (of both target and non-target species) could be estimated on a timely basis. This is necessary to allow catch share fishery participants to have the information needed to manage the catch of all of their allocations, in order not to exceed any particular quota, PSC limit, or sideboard. These IT systems enable LAPP participants to actively monitor the harvest of their allocations (landing ledgers) and take action to constrain their fishing activities should they reach or approach a particular allocation. The IT systems also enable fishery participants to complete transfers and other program specific-functions such as vessel replacements.

Designing and maintaining IT systems requires ongoing software development and infrastructure support. NMFS invests in user-friendly interfaces that streamline reporting for quota holders while ensuring regulatory compliance. These systems integrate multiple data sources, including observer reports and EM data, to create a comprehensive view of fishery activity.

Integrating real-time data transmission tools allows NMFS to receive and process catch reports instantly. This capability is essential for ensuring that landings remain within allowable limits and that any discrepancies can be addressed promptly. By providing near-instant feedback to fishery managers and participants, electronic reporting systems help prevent costly enforcement actions and disruptions in fishing operations. NMFS also maintains on-call contracted staff between the hours of 6 AM and 12 AM to assist industry with discrepancies and act as a backup for electronic reporting outages.

Ensuring seamless data transfers between industry and NMFS databases minimizes administrative burdens and enhances data reliability. NMFS maintains and updates these systems to support high volumes of data submission, ensuring that information flows efficiently between stakeholders and regulators and protects the confidentiality of these data.

Troubleshooting reporting errors is a critical component of maintaining system integrity. NMFS dedicates resources to identifying and resolving technical issues that could lead to inaccurate quota accounting. This includes providing support to fishery participants experiencing technical difficulties, ensuring they can fulfill reporting obligations without undue delays. Since landings can occur 7 days a week, 24 hours a day, user support and troubleshooting frequently occur outside standard business hours.

Updating IT systems to comply with regulatory changes and maintain their operation ensures these systems remain aligned with LAPP requirements. NMFS must update systems to meet modern needs and NMFS frequently revises reporting tools to accommodate new rules, additional data fields, and enhanced

validation protocols that improve data quality and enforcement capabilities. NMFS also updates reporting platforms in response to changes in available technology to increase usability and efficiency or to maintain consistent operation. These updates can require maintenance of an older system alongside the new system to give industry time to adapt (Appendix C).

Training fishery participants on system usage is essential for maximizing compliance and system effectiveness. NMFS conducts workshops, produces instructional materials, and provides direct support to ensure that quota holders can accurately report landings using electronic platforms. Proper training reduces reporting errors and enhances industry cooperation with regulatory requirements.

Implementing cybersecurity measures to protect sensitive data is a growing priority as electronic reporting expands. NMFS must safeguard confidential business information and quota transaction details from unauthorized access or cyber threats. This requires continuous investment in security protocols, system monitoring, and data encryption technologies.

Analyzing system performance for continuous improvement ensures that IT systems remain efficient and responsive to industry needs. NMFS assesses user feedback, system uptime, and data accuracy to refine reporting tools and optimize performance over time.

These activities would not be necessary in a non-LAPP fishery, where reporting typically relies on less sophisticated methods. The complexity and real-time nature of LAPP fisheries necessitate robust electronic reporting systems and other IT systems, justifying the use of cost recovery funds to develop, maintain, and enhance these platforms.

2.3.7 Regulations and Rulemaking

Rulemaking and regulatory adjustments are essential to maintaining the effectiveness and adaptability of LAPP programs. Unlike traditional fisheries management, which establishes static regulations, LAPPs require frequent refinement to address market conditions, biological conservation needs, and stakeholder concerns. These efforts ensure that LAPPs remain functional, equitable, and aligned with overarching fishery management goals.

Evaluating fishery performance under existing regulations enables the NPFMC and NMFS to identify inefficiencies, loopholes, or unintended consequences that could hinder the program’s success. Regular assessments ensure that quota allocation and transfer mechanisms operate as intended and support sustainable fishing practices. Drafting amendments to program rules is necessary to implement changes that enhance the LAPP structure. This involves extensive legal and policy work to ensure that new regulations align with statutory requirements and stakeholder interests while balancing economic viability and conservation priorities.

Coordinating regulatory actions with the NPFMC ensures that adjustments to LAPP regulations are developed with input from relevant stakeholders and aligned with broader management objectives. This collaborative approach helps integrate scientific, economic, and industry perspectives into decision-making. Preparing Federal Register notices for public comment is a critical step in the regulatory process. NMFS must ensure that all proposed changes are transparent and available for public review. This fosters engagement with industry participants, environmental organizations, and other interested parties.

Analyzing stakeholder feedback on proposed rule changes ensures that regulatory adjustments consider the real-world impact on fishery participants. NMFS reviews public comments, industry concerns, and scientific recommendations to refine proposed regulations before implementation.

Conducting economic and environmental assessments of new regulations ensures that policy changes do not create unintended hardships for fishery participants or negatively impact marine ecosystems. These analyses are crucial for balancing sustainability with economic growth in LAPP fisheries.

Implementing program modifications based on data-driven analysis ensures that adjustments are not arbitrary but rather grounded in sound science and economic reasoning. This iterative approach helps maintain the long-term effectiveness of LAPP programs. Ensuring compliance with evolving federal policies requires NMFS to integrate new legislative directives or executive orders into existing LAPP regulations. This may include updates to cost recovery mechanisms, monitoring requirements, or sustainability mandates.

These activities would not be necessary in a non-LAPP fishery, as they are specific to the LAPP program. The dynamic nature of LAPP programs necessitates continuous regulatory oversight, justifying the use of cost recovery funds to support rulemaking and policy refinement.

2.3.8 Economic Data Reports

The NPFMC recommended that NMFS remove EDRs from regulations at their October 2025 meeting. That regulatory change is in progress, but has not yet been completed. Therefore, programs with EDR requirements may still see costs billed for through December 31, 2026 to complete tasks associated with aggregating data. However, if approved, no costs will be billed for EDRs after the rule goes into effect, which is anticipated prior to the 2027 EDR cycle.

In general, the purpose of the EDR requirements is to gather information to improve the Council's ability to assess the economic effects of the catch share or rationalization programs, understand the economic performance of participants in these programs, and estimate the fleet-wide impacts of future issues or proposed actions. The first EDR requirements were initiated in 2006 under the CR Program, then the Council and NMFS developed Chinook Salmon EDR Program for the AFA Program, and the Amendment 80 EDR. Generally, the Council wanted to have the EDRs collect usable data such as cost, revenue, ownership, and employment data that could be used to analyze the economic and social impacts of Council actions for each LAPP.

EDRs are partially funded by cost recovery fees. As with all data collections at NMFS, the EDR programs required high upfront implementation costs and long-term costs to maintain the collection. Upfront costs to data collections such as the EDR programs include database design, web application build, and form creation. Ongoing long-term costs would include salary at PSMFC to support the program, including analysis, capacity to send out surveys, and follow-up with compliance.

2.3.9 Cost Recovery Billing Process

At the end of each cost recovery program's fishing season, NMFS does the work to implement the cost recovery process, including calculating standard prices, compiling and reviewing agency costs, publishing

the required fee notices in the **Federal Register**, and sending and processing invoices and payments. Section 3 of this report (NMFS Cost Recovery Process) provides more details about the process and what is included in each of the steps.

Table 2-1 Examples of the tasks that are directly related to the management, data collection, and enforcement of LAPPs and the CDQ Program that are incremental costs and cost recoverable.

Activity type	Examples of specific tasks appropriate for cost recovery	Relevant Cost categories	Billing entities that could have recoverable costs
Quota Share Administration	– Processing cooperative and individual applications, – Processing transactions and lease agreements for quota shares, – Reviewing ownership transfers, ensuring compliance with ownership caps, – Conducting audits to verify ownership structures, – Processing vessel replacement applications – Providing customer support for quota holders; responding to inquiries and data requests; and providing outreach for fishery participants. – Developing and maintaining IT systems for issuing permits related to quota shares, tracking quota allocations, and conducting transfers	Personnel & benefits; Contracts	AKR
Catch Monitoring	– Support monitoring tools used to weigh catch and the video systems implemented to prevent tampering – Inspection and approval of at-sea scales and observer sampling stations; – Inspection and approval of compliance monitoring video equipment	Personnel & benefits; Contracts	AKR, AFSC
	– Analyzing compliance video footage, verifying catch and bycatch sorting and compliance with catch monitoring regulations.	Personnel & benefits Contracts	AKR, OLE
	– Observer training, debriefing, and data management; reviewing observer reports – The Special Agent with OLE assisting in observer affidavits	Personnel & benefits; Contracts Printing Supplies Equipment	AFSC, OLE
	– Travel for staff to conduct at-sea scale inspections. – Deploying FMA staff to the field to support deployment of observers to fulfill increased observer coverage under LAPP programs; – Travel for enforcement personnel to complete dockside monitoring at key landing sites, patrols and boarding.	Travel	AKR, AFSC, OLE
	– Equipment necessary for at-sea scale inspections (e.g. sand bags, certified weights, etc); Maintenance of observer gear	Supplies; Equipment	AKR, AFSC

Dockside Monitoring	– Management of Prior Notice of Landing system and conducting dockside monitoring of landings, – Verifying reported weights against actual harvests, preventing unauthorized landings, reviewing logbooks and landing reports, – Ensuring compliance with offloading regulations, – Inspecting fish tickets and sales receipts, and conducting random audits of reported landings.	Personnel & benefits, Contracts; Travel; Rent	OLE
Compliance Monitoring and Enforcement	– Granular Oversight & Individual Auditing: Perform dockside monitoring and systematic audits of individual permit holders and cooperatives to verify quota transactions and identify discrepancies between actual landings and reported catch. – Real-Time Activity Monitoring: Review electronic vessel activity reports and coordinate with observer systems to flag potential violations, such as quota overages, unauthorized fishing in restricted areas, or failure to meet monitoring requirements. – Tiered Enforcement & Legal Coordination: Implement a range of responses from low-level "Fix-It" notices for minor infractions to collaborating with the U.S. Coast Guard and OLE for the prosecution of serious fraud or illegal discarding. – Compliance Infrastructure & Outreach: Maintain historical compliance databases to track noncompliance trends and facilitate educational workshops and vessel-specific meetings to prevent unintentional regulatory violations.	Personnel & benefits, Contracts	OLE
InSeason Quota Management and Bycatch Reduction	– Facilitating inter-sector and intra-cooperative quota transfers, – managing real-time tracking and reporting specific to LAPP participants, – ensuring LAPP-compliant allocation adjustments, processing quota carryovers where applicable, monitoring cooperative compliance with individual allocations – Inseason management of non-sideboarded fisheries – Monitoring PSC bycatch and reporting on web – Respond to data requests…	Personnel & benefits	AKR
	– Development and Maintenance of IT Systems necessary to enable LAPP fisheries and near real-time accounting of catch and bycatch	Personnel & benefits; Contracts	AKR
	– Travel to plan team and Council meetings to present harvest specs (partially funding through cost recovery	Travel	AKR
Development & Maintenance of IT systems to enable reporting & catch accounting	– Application development and maintenance of electronic reporting systems (landings, elog); IT infrastructure and servers, – Training and user support for industry. – Catch accounting system maintenance to support catch share harvest, including PSC, and updating the system for program changes.	Personnel & benefits; Contracts	AKR

Regulations and Rulemaking	– Evaluating fishery performance under existing LAPP regulations, – drafting amendments to program rules, – Preparing Federal Register notices for public comment, – Coordinating regulatory actions with the NPFMC and the IPHC, analyzing stakeholder feedback on proposed rule changes, – Conducting economic and environmental impact assessments of new regulations, – Implementing program modifications based on data-driven analysis, and ensuring compliance with evolving federal policies; – Targeted outreach to quota holders regarding regulatory changes	Personnel & benefits	AKR
	– LAPP specific program annual tasks related to harvest specifications – Renewal of PRA approval for information collections (every 3 years) review of forms and instructions – Provide input to LAPP program reviews	Personnel & benefits	AKR
	– Attend Council meetings to participate in regulatory and policy discussions and provide reports, track issues specific to the program	Travel	AKR
Economic Data Collection	– Economic Data Reports: Gathering and analyzing financial data from LAPP participants, compiling revenue and operational cost reports, assessing the economic impacts of quota allocation and trading, – Evaluating market trends specific to LAPP fisheries, – Managing industry surveys related to program participation, integrating economic data with biological stock assessments, and developing policy recommendations based on financial trends.	Personnel & benefits Rent	AFSC, PSMFC
Cost recovery billing process	– Developing standard prices, – Outreach and volume and value reporting – Verifying and data checking – Review of agency costs – Publishing annual cost recovery fee notices, – Calculation of standard prices – Billing, support to industry, collection of fees – Development and maintenance of IT systems that generate fees and invoices, enable cost recovery payment; connect to pay.gov, and track payments	Personnel & benefits; Contracts	AKR

3 Cost Recovery process and responsibilities

3.1 Fishery Participant Responsibilities

Federal regulations establish the annual responsibilities for fishery participants, as summarized in this section. See Table 3-1 for applicable deadlines for the volume and value data and payments by program.

3.1.1 Volume and Value Data

It is the responsibility of the entity that first processes the fish from a LAPP fishery to submit a timely and accurate volume and value report and/or State of Alaska COAR report as applicable for each LAPP. This information is necessary to determine the total ex-vessel volume and standard price for each species, month and port group if applicable. Once NMFS calculates the standard prices, NMFS multiplies the standard prices by the total landing volume to calculate the ex-vessel value for the applicable LAPP. See Table 3-1 for the reporting period and deadline for submission for each program.

3.1.2 Payment Responsibility

Permit holders are responsible for fees owed for all landings recorded on their permits. NMFS sends invoices to the appropriate fishery participants with their fee liability and the payment due date. For the IFQ program, this includes IFQ pounds from their own quota share (QS), QS that was leased from another QS holder, landings made by hired skippers and halibut landed through the guided angler fish (GAF) program by persons who hold a Charter Halibut Permit issued by NMFS. Payment must be made electronically in U.S. dollars by automated clearing house, credit card, or electronic check drawn on a U.S. bank account.

Table 3-1 Overview of the reporting regulations, reporting period, and submission deadlines for volume and value reports as well as the timing of fees and the fisheries for each of the cost recovery programs.

Program	Volume and Value (V & V) report regulations	V&V Reporting period	V&V Submission Deadline	Publication of standard prices and fee percentage	Payment Due Date	Fishery Timing	Fee percentage calculated relative to Fishing season
IFQ	IFQ Buyer Report § 679.5(l)(7)(i)	Oct 1 - Sept 30	October 15	Oct 1 - Dec 31	January 31	Variable (March - Dec)	After
Crab	CR Registered Crab Receiver Ex-vessel Volume and Value Report § 680.5(m)	Aug 1 - May 31	May 31	July 1 - Sept 30	July 31	July 1 - June 30	Before
Rockfish	Rockfish Ex-vessel Volume and Value Report § 679.5(r)(10)	April 1 - Nov 15	December 1	Jan 1 - March 31	February 15	April 1 - Nov 15	After
CDQ	Pacific Cod Ex-vessel Volume and Value Report § 679.5(u)(1) COAR § 679.5(p)	Jan 1 - Dec 31	November 10	December 1	December 31	Jan 1 - Dec 31	During
AFA	COAR § 679.5(p)	Jan 1 - Dec 31	COAR: April 1 (1-year lag)	December 1	December 31	Jan 20 - Nov 1	After
AI Pollock	ADF&G Commercial Operator's Annual Report (COAR) § 679.5(p)	Jan 1 - Dec 31	COAR: April 1 (1-year lag)	December 1	December 31	Jan 20 - Nov 1	After
Amendment 80	First Wholesale Volume and Value Report § 679.5(u)(2)	All SPP Jan 1 - Oct 31 Rocksole: Jan 1 - March 31 and April 1 - Oct 31	November 10	December 1	December 31	Jan 20 - Dec 31	During
PCTC	Pacific Cod Volume and Value Report § 679.5(u)(1)	Jan 1 - Oct 31	November 10 (1-year lag)	August 1	August 31	Jan 1 - June 10	After

3.2 NMFS Cost Recovery Annual Process

At the end of each cost recovery program's fishing season, NMFS does the following steps:

- Compiling and validating program specific landings by species and month;
- Validating volume and value report submissions
- Calculating and validating standard ex-vessel prices;
- Applying standard ex-vessel prices;
- Deriving and validating the total fishery ex-vessel value;
- Compiling and reviewing the incremental agency costs;
- Calculating the annual fee percentage;
- Publishing notice of standard ex-vessel prices and fee percentage in the **Federal Register;**
- Applying the fee percentage and calculating fees;
- Generating and validating invoices; and
- Mailing permit holders or cooperatives invoices, tracking payments, and sending notices for non-payment.

The following section provides more information about these steps.

3.2.1 Compiling and validating program specific landings

NMFS staff check reports in CAS and quota debits in-season against landing reports in eLandings and work to correct any discrepancies as soon as possible. Once a season is complete, a final check is done on overall pounds landed under a program as recorded in eLandings, transmitted to the CAS and compared to total quota share debits. While ensuring catch has been correctly attributed to a management program is necessary regardless of the existence of a LAPP or CDQ Program, catch share programs are inherently more complex. Therefore, this is considered an incremental cost. Tracking this task specifically to each LAPP would be extremely time consuming, and thus expensive; therefore, NMFS bills this under a formula which is updated annually.

3.2.2 Validating volume and value submissions

Once the due date for volume and value submissions has passed, NMFS staff first validates that all required submitters have submitted a report. This is done by comparing the submissions to the landing reports attributed to the program. Non-submitters are contacted and requested to complete their submission immediately. Continued failure to submit may be forwarded to OLE for enforcement action. Since this task is specific to a LAPP, it is considered an incremental cost.

NMFS staff validate that submitted reports are reasonable. For example, if the majority of reports indicate a price of $0.25/pound and one submitter indicates a price for the same species of $2.50, NMFS staff will contact the outlier to request they check their report for data entry errors. The overall volume reported on all volume and value reports is also checked against the total volume reported through eLandings and any significant discrepancies are investigated and resolved before generating standard prices. This task is specific to a LAPP and is considered an incremental cost. Failure to submit data on time or submission of inaccurate/incomplete data increases NMFS's costs for completing this step.

3.2.3 Calculating and validating standard ex-vessel prices

Once volume and value reports are validated, NMFS staff generate standard prices as applicable for the program. Once the prices have been generated, those prices are compared to the volume and value reports, landing reports and prior seasons to ensure those prices were generated correctly. Discrepancies or large differences as compared to prior seasons are investigated and resolved. For some fisheries there is a single price per species for the year that can be easily checked against the average price for all landing reports attributed to that program to determine if the price generated correctly. Other programs have monthly prices per species and the IFQ program has separate prices per month and port of landing. This requires NMFS staff to check each price and validate both that it is reasonable as compared to reported volume and value reports and landing reports and that all confidentiality checks have been passed.

3.2.4 Applying standard ex-vessel prices

Once the standard prices have been validated, NMFS staff apply the standard prices to each landing associated with the program. This process is largely automated, but NMFS staff conduct reviews to ensure the correct application of prices. For programs with a limited number of participants or landings, this review can be comprehensive. However, for programs with a high volume of landings, NMFS primarily conducts spot checks within specific groups of landings. If the spot-checked landings are accurate, it is assumed that the rest of the group is also correct.

3.2.5 Deriving and validating the total ex-vessel value for the Cost Recovery programs

NMFS implemented a step to derive and validate the total ex-vessel value in 2025 as a safeguard that will continued in future years for all cost recovery programs. Due to the complexity of the IFQ program and the fragility of the legacy IFQ IT systems, NMFS staff now conducts a more comprehensive review for accuracy on each step of the process. In addition to validating each volume and value report submission and the standard prices generated from the volume and value submissions, NMFS staff now also validates all of the automated steps that combine those reports into the total fishery ex-vessel value. While this does require more staff time on an already short timeline, the increased review is necessary to ensure an accurate total ex-vessel valuation and accurate invoices.

3.2.6 Compiling and reviewing incremental agency and partner agency costs

Compiling and reviewing costs is a structured and collaborative process involving multiple internal and external partners. The NMFS AKR collects cost submissions not only from its own operational units but also from partner agencies that incur incremental costs associated with managing and enforcing LAPPs. These costs are gathered in a centralized system, allowing for efficient comparison across prior years, different agencies, and various cost categories. This centralized approach ensures transparency, consistency, and a structured method for identifying trends, anomalies, or areas requiring further explanation.

The AKR cost recovery coordinator plays a key role in validating these cost submissions through ongoing back-and-forth communication with each agency. This process involves reviewing the submitted figures, requesting additional details, and seeking clarification on how specific costs were determined to be valid under cost recovery guidelines. The coordinator works with each partner to ensure that costs are directly

attributable to the management and enforcement of the program and that they align with historical trends and established agency policies. If any discrepancies or significant changes in cost categories are identified, the program manager works closely with agency representatives to resolve questions before moving forward in the review process.

Validation of agency costs is not limited to document review alone; it also involves formal discussions through scheduled meetings with key program management and finance staff. These meetings provide a forum for NMFS to review cost submissions, compare expenditures across multiple years, and ensure consistency in reporting. Depending on the nature of the questions raised during these discussions, partner agencies may be required to provide additional justification for specific costs, particularly if they deviate significantly from prior year expenditures.

At the conclusion of this process, each partner agency is required to sign an affidavit affirming that the costs they have submitted comply with agency policies regarding cost recovery. This affidavit serves as a formal acknowledgment that the reported costs are accurate, justified, and consistent with regulatory guidelines. By requiring this final certification, the agency reinforces accountability and ensures that all cost recovery fees are based on verified, documented, and defensible expenditures.

The time limitations due to changing fishery seasons still impose significant constraints on the NMFS review process, requiring staff to work within tight deadlines to compile, validate, and evaluate cost submissions. To meet regulatory deadlines, the review process is often strained as agencies and program management must quickly address inquiries, provide additional documentation, and resolve discrepancies before NMFS must finalize the cost recovery calculations. When time runs short, NMFS must ultimately proceed with the information available, even if some details remain unresolved, underscoring the need for efficiency and proactive communication throughout the process.

3.2.7 Calculating the annual fee percentage

The annual fee percentage is calculated using direct program costs and total fishery value with the following formula:

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

NMFS divides the direct program cost (DPC) by the total fishery value (V) of the program, and then multiplies by 100 to calculate the fee percentage. If this fee percentage is greater than the statutory cap of 3.0 percent, the actual percentage is overridden and invoices are generated based on an adjusted fee percentage of 3.0 percent.

3.2.8 Publishing notice of standard ex-vessel prices and fee percentage in the Federal Register

The process of publishing the notice of standard ex-vessel prices and the fee percentage begins with drafting the notice, which includes how the standard prices and fee percentage were calculated for the cost recovery program. The draft undergoes internal review to ensure accuracy and compliance with regulatory requirements. Once reviewed and approved within the agency, it is submitted to the **Federal Register**, where it is officially published, providing public notice of the fee percentage and standard prices.

3.2.9 Applying the fee percentage and calculating fees

Once the fee percentage has been published, NMFS applies it to the verified total ex-vessel values for each entity to determine their individual cost recovery fee. This calculation ensures that fees are proportionate to the value of landings within the program. NMFS reviews the resulting fee amounts for accuracy and consistency before generating invoices.

3.2.10 Generating and validating invoices

Once NMFS calculates cost recovery fees, NMFS generates invoices for each fishery participant. In order to mitigate issues that have occurred, NMFS added a new step to ensure the accuracy of invoices before issuance. This process validates total ex-vessel values, ensuring that all cost recovery fees are correctly calculated and align with actual landings and historical trends.

While it is not feasible to review every invoice individually, NMFS selects a portion at random for validation prior to issuance. This review involves cross-checking fee calculations against verified ex-vessel values, individual landing reports, and partner agency records. Any discrepancies identified trigger a secondary review before invoices are finalized. Additionally, a structured review period allows internal program management to assess fee consistency across permit holders and cost recovery programs, with further validation if unexpected variances arise.

3.2.11 Mailing invoices, tracking payments, and sending notices for non-payment

NMFS prints and mails invoices to the address of the permit holder or cooperative manager as listed in the official record. Permit holders log into eFISH to see their fee liabilities and make payment through Pay.gov. For the IFQ and CR programs, permit holders are able to submit Fee Calculation Forms up until the payment due date if they disagree with the values identified in their Fee Liability Summary. Adequate documentation must be provided to support the actual value(s) and if accepted, the fee liability amount will be modified to reflect the new balance due. Validating these submissions and adjusting fee liabilities where warranted require staff time and is an incremental cost.

Initial Agency Determination (IAD) letters are generated on or after the missed payment due date. After 30 days the IAD becomes the Final Agency Action for the fee liability and every 30 days notices are sent outlining the balance due to include interest, fees, and penalties. After 181 days, the outstanding debt will be referred to the Department of Treasury Debt Management Services. NMFS does not issue permits for the following fishing year until the permit holder or cooperative manager pays the fee.

4 Cost Recovery summary tables for fishing year 2025

This section provides information on the agency costs, fishery values, and fee percentage for each of the cost recovery programs in 2025.

Table 4-1 Direct program costs, fishery value, and fee percentage in 2025 for the CDQ Program and Alaska LAPPs.

Program	Direct Program Costs	Fishery Value	Fee Percentage
PCTC	$369,976	$10,387,743	3.56%[1]
CR	$1,660,482	$138,736,140	1.20%
AFA	$623,014[2]	$179,926,707	0.35%
A80	$1,620,439	$104,541,539	1.55%
AIP[3]	-	-	-
CDQ	$793,287	$66,899,173	1.19%
IFQ	$3,741,968	$158,559,852	2.40%
RP	$281,328	$9,215,638	3.05%[1]
Total	**$9,090,492**	**$668,266,792**	**-**

[1]The actual fee percentage was higher than the statutory cap, therefore a fee percentage of 3.0 was applied
[2] Direct Program costs are for the catcher vessel sector only
[3] No fishing activity occurred during 2025, therefore there were no direct program costs

Table 4-2 Direct Program Costs per cost category for each LAPP and the CDQ Program for 2025.

Cost Category*	PCTC	CR	AFA	A80	CDQ	IFQ	RP	Total
Personnel/ Benefits	$200,310	$853,563	$409,494	$1,110,756	$433,419	$2,714,677	$107,666	**$ 5,829,884**
Travel	$0	$22,944	$0	$2,269	$2,680	$16,648	$1,587	**$ 46,127**
Transportation	$0	$417	$0	$0	$0	$25,326	$0	**$ 25,743**
Printing	$0	$0	$3,709	$8,532	$2,968	$0	$371	**$ 15,580**
Contracts/ Training	$169,666	$752,746	$187,415	$481,455	$348,632	$955,696	$171,033	**$ 3,066,642**
Supplies	$0	$157	$3,274	$8,233	$2,675	$3,906	$306	**$ 18,552**
Equipment	$0	$0	$3,642	$8,376	$2,914	$0	$364	**$ 15,296**
Rent/Utilities	$0	$30,422	$247	$593	$0	$18,582	$0	**$ 49,844**
Other	$0	$233	$542	$226	$0	$7,133	$0	**$ 8,134**
Total	**$369,976**	**$1,660,482**	**$623,014**	**$1,620,439**	**$793,287**	**$3,741,968**	**$281,328**	**$ 9,090,492**

*See Chapter 2 of this report for explanation of cost categories.

Table 4-3 Total costs for each program management billing entity from 2021 through 2025. (NMFS AKR = NMFS Alaska Regional Office; OLE = NOAA NMFS Office of Law Enforcement; AFSC = NMFS Alaska Fisheries Science Center; IPHC = International Pacific Halibut Commission; PSMFC = Pacific States Marine Fisheries Commission; FSD = NMFS Financial Services Division).

Year	NMFS AKR	NMFS OLE	NMFS AFSC	NMFS FSD	ADF&G	IPHC	PSMFC	Total
2025	$2,668,008	$3,815,133	$692,964	$17,270	$895,648	$783,204	$218,266	**$9,090,492**
2024	$3,282,413	$3,808,422	$679,075	$44,070	$1,560,825	$796,106	$340,800	**$10,991,328**
2023	$3,767,233	$3,875,151	$690,586	$97,295	$1,327,227	$891,527	$256,797	**$10,905,816**
2022	$2,893,419	$3,104,721	$686,920	$120,548	$1,432,403	$779,247	$173,311	**$9,190,569**
2021	$2,539,577	$3,037,597	$735,129	$133,616	$1,646,654	$626,316	$140,230	**$8,859,119**

Table 4-4 Number of invoices and number of unique vessels for each cost recovery program in 2025.

Program	Entity Invoiced	# of Invoices	Vessels in program
IFQ Program	QS holders	1,555	703
Crab Rationalization	Processor representative	11	38
Rockfish	Rockfish cooperative representative	5	22
CDQ	CDQ group representatives	6	54
AFA	AFA inshore cooperative representatives	5	76
Aleutian Islands Pollock	Aleut Corporation authorized representative	0	0
Amendment 80	Amendment 80 cooperative representative	1	16
Pacific Cod Trawl Cooperative	PCTC Program cooperative representative	4	27

5 Program Specific Cost Recovery Information

5.1 Pacific Cod Trawl Cooperative

On August 8, 2023, NMFS published a final rule to implement the PCTC Program (88 FR 53704), which is the latest Alaskan LAPP. The PCTC Program allocates TAC of Pacific cod to trawl catcher vessels and processors in the BSAI. Participants in the PCTC Program must form a cooperative and associate with a processor. The PCTC Program includes a process for calculating and administering cost recovery fees under 50 CFR 679.135. The annual PCTC Program cost recovery process builds on other existing cost recovery requirements implemented under other programs. The fee liability is based on the ex-vessel value of fish harvested in the PCTC Program. Each year, the Regional Administrator publishes a notice announcing the fee percentage in the Federal Register and sends invoices to cooperatives before July 31. The fee notice for the 2025 season of fishing under the PCTC program was published on April 10, 2026 (91 FR 18438) with a fee percentage of 3.00 percent. Program costs were tracked from July 1, 2024 through June 30, 2025.

Table 5-1 PCTC Direct Program Cost Comparison for FY 2024 and FY 2025.

Year	Total Pounds Landed	Total Value (V)	Average price /pound	Total Direct Program Costs (DPC)	Fee Percentage [100 x (DPC)/V
2025	41,550,973.48	$10,387,743	$0.25	$369,976	3.56%
2024	45,062,452.62	$18,926,230	$0.42	$363,659	1.92%

Table 5-2 provides additional details on the PCTC costs by billing entity.

The highest direct program costs were attributed to NMFS AKR. Overall NMFS AKR costs in 2025 were approximately 27% lower than 2024 costs. This reduction is attributed to a shift from implementation of a new catch share program to completing IT development and maintenance of the program. There were some implementation costs in 2025, development of the invoice generation and payment systems were part of this billing cycle.

The second highest direct program costs were attributed to OLE. Costs accrue to support personnel engaged in enforcing fines, investigation, and outreach efforts. OLE officers and agents have dynamic and unpredictable work schedules so labor costs associated with OLE will vary from one fiscal year to the next. The internal review panel requested information regarding the increase in OLE costs from the prior year: *"Regarding the increase in overall cost compared to FY24, the primary factor is the expanded data collection period. FY24 was the first year AKD began tracking PCTC-related expenses, and the data submitted only covered Pay Periods 1 through 10. In contrast, the FY25 submission reflects data collected from Pay Period 19 through Pay Period 12, an increase of 9 additional pay periods, or nearly double. While the PCTC season itself is relatively short, associated enforcement activity and case development often extend well beyond the season. OLE personnel continue to work on investigations, case documentation, and follow-up actions throughout the year. These efforts include AUO/LEAP-related overtime that directly supports case processing and compliance follow-up. For example, although B-season is over, there are currently several ongoing investigations. It's also important to note that approximately 50% of the total cost is attributed to our Compliance Analyst Liaison, who compiles,*

refines, and reports PCTC-related data throughout the year. This includes coordination with councils, adjustment of enforcement strategies, and annual reporting requirements, all of which are ongoing beyond the open fishing seasons."

AFSC submitted costs for staff time spent training observers on the requirements of the PCTC Program and ADF&G submitted costs for eLandings program management.

Table 5-2 2025 PCTC Direct Program Costs, by category, for each of the program management billing entities.

Cost Recovery Category[a]	NMFS AKR	NMFS AFSC	NMFS OLE	ADF&G	Total
Personnel/Benefits[b]	$47,508	$2,897	$145,200	$4,705	$200,310
Contracts/Training	$169,666	-	-	-	$169,666
Total	$217,174	$2,897	$145,200	$4,705	$369,976

[a] This table only displays cost recovery components that incurred direct costs.
[b] Personnel includes costs of locality pay, benefits, and overhead.

5.2 Crab Rationalization

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 for up to three percent of ex-vessel gross revenues. CR cost recovery program requirements can be found at 50 CFR 680.44. 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, i.e., (vessels that harvest and process crab) pay the full fee.

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. 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. 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 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 FSD administers the BSAI Crab Quota Share Loan Program and additional information is available by calling 206-526-6122.

Prior to the start of the crab fishing year, NMFS published the annual fee percentage in the Federal Register (90 FR 35508 July 28, 2025). The fee percentage is used by RCRs to collect fee liabilities from harvesters, and then self-collect, throughout the fishing year. The fee percentage is projected forward

before management costs are finalized, therefore, any overpayment or underpayment is accounted for in the next year's fee percentage.

Table 5-3 Total of CR Direct Program Cost by Year. Direct program costs for CR are tracked from mid-April to mid-April of each calendar year.

Cost Recovery Category	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Personnel/Benefits	$1,416,699.00	$1,364,650	$1,542,457	$1,854,210	$853,563
Travel	$11,665.00	$15,010	$35,676	$26,457	$22,944
Transportation	-	-	-	$19,392	$417
Printing	-	-	$36	-	-
Contracts/Training	$880,405.00	$1,132,909	$1,238,100	$876,572	$752,746
Supplies	$4,351.00	$2,475	$2,235	$4,813	$8157
Rent/Utilities	$72,601.00	$78,676	$69,675	$64,872	$30,422
Other	$1,872.00	$506	$818	$644	$233
Total Direct Costs	**$2,387,593**	**$2,594,226**	**$2,888,997**	**$2,846,958**	**$1,660,482**
Fishery Value[a]	**$218,768,971**	**$116,366,089**	**$48,717,841**	**$85,711,838**	**$138,736,140**
Fee Percentage [b]	**1.09**	**2.23**	**5.93 [c]**	**3.32 [c]**	**1.20**

[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] These billed percentages were limited by the MSA statutory three percent cap of the ex-vessel value of the fishery in any Program year.

Overall, direct program costs for CR decreased 42% from 2023/2024 costs. Fishery value increased by 38.2%, resulting in a reduced fee percentage.

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 costs decreased by approximately 48 percent between FY 2024 and FY 2025: "*Personnel salary, benefits, and overhead are often the largest CR expenditures for ADF&G. Personnel costs in Dutch Harbor are among the highest in Alaska due to cost of living. Scaling the amount of staff time charged to CR directly minimized costs for the public.*

Incremental personnel costs are closely linked to fishery size and season length which commonly fluctuate. In response, ADF&G relies heavily on seasonal staffing. Staffing assignments are reviewed annually and total personnel time is scaled directly to fishery needs. Due to recent fishery closures and reduced TACs overall, ADF&G has also reduced staffing in Dutch Harbor. Since 2022, ADF&G has fully eliminated 3 seasonal and 1 permanent full time staff position due to fishery volatility and expected fishery management needs for the near future. From 2018 to 2022 ADF&G eliminated 4 additional staff positions in Dutch Harbor due to efficiency gains from digitizing data collection and archival. The permanent full time observer program coordinator position was also moved from Dutch Harbor to Kodiak where personnel costs are substantively lower.

Contractual costs for deploying observers are the second highest ADF&G CR expenditure. ADF&G regularly examines observer deployment rates to ensure observer rates do not exceed needs. ADF&G

additionally negotiates with a single observer company to provide observers for CR catcher vessels which reduces administrative overhead. The daily observer deployment rate for BSAI rationalized crab is, or is among the lowest, daily rate ($460/day) across all North Pacific fisheries that deploy partial coverage observers."

OLE is tasked with inspections, boardings, investigations and enforcement activities. Overall, OLE's costs increased by approximately 7%. The two largest cost categories are for personnel and contracting. For personnel costs: "***Personnel Labor*** *decreased due to AKD having a veteran Enforcement Officer at the top of his earning scale retire in May 2024. Said retiring senior Officer was replaced with junior Enforcement Officers earning the minimums at the start of their careers.* ***Benefits*** *increased partially due to the previous mentioned situation, but specifically due to health insurance premiums, which are a significant portion of employee benefits, consistently outpacing wage growth and general inflation."* For contract costs: *"the Data Clerk contract was billed to IFQ Halibut and Sablefish, Crab Rats, and CDQ in 2024. The Crab Rats work products produced by the data clerks used by OLE are: IFQ overages (redlines), LIFs (Law enforcement Investigative report Forms) for offloads showing IFQ crab and IPQ crab, as well as the various associated permits debited for each landing ID, manual landings adjustments, Vessel Activity and IFQ departure report forms. While the number of LIFs and manual landings is typically greater for IFQ Halibut/Sablefish than crab in a given year, the complexity and number of associated attachments is often much higher for CR due to the fact that each offload is IFQ and IPQ and has the greater number of associated forms generated due to the program's cooperative structure and multiple permits that are often associated with each offload, and that offloads may be split among multiple processors (e.g. custom processors). In summary, a significant proportion of the products and workload for the Enforcement Data Clerks performed under the contract is associated with the Crab Rationalization program. Multiple years of seasonal closures for red king crab (Bristol Bay and Bering Sea) and Bering Sea snow crab impacted the amount that could be billed to crab. We intend to track breakouts of this workload with more granularity going forward."* For rent costs: *"Prior to Crab Rationalization, commonly referred to as the "Derby Fishing" days, the Office of Law Enforcement (OLE) did not have a need for the space that we currently have in Dutch Harbor, Alaska. Enforcement was handled by sending a small group of Officers and Agents on a temporary duty assignment to work the relatively short season. With the implementation of Crab Rationalization, the season has become significantly longer, and effective enforcement can no longer be conducted in this manner. A need arose for personnel to be assigned to the area, and space was acquired. This space is funded by OLE, and upon an annual review of the work done in the area, our SOP is updated to reflect the percentages spent on specific programs, and a request for the appropriate reimbursement is submitted."*

AKR supports eLandings, provides maintenance of the CAS, develops and implements regulatory actions, determines fees and collection processes, provides training and outreach for electronic reporting of crab harvest, issues permits, handles transfers of QS and IFQ, and answers questions about permits and transfers. Costs decreased by approximately 59 percent from FY 2024 due to further reductions in IFA development costs, reduced personnel costs and a decision to cease billing office rent to cost recovery.

The AFSC and PSMFC support administration of the CR Program Economic Data Reports. AFSC costs increased by approximately 55 percent between FY 2024 and FY 2025. This was primarily due to FY

2023 having the lowest AFSC costs since the CR program was implemented. PSMFC costs decreased approximately 67 percent between FY 2024 and FY 2025, primarily due to decreased personnel and benefits costs.

Table 5-4 The 2024/2025 CR Direct Program Costs, by category, for each of the program management billing entities.

Cost Recovery Category	ADF&G	OLE	AKR	FSD	AFSC	PSMFC	Total
Personnel/Benefits [a]	$249,395	$248,285	$173,915	$349	$20,433	$97,875	**$790,252**
Travel [b]	$11,359	-	$11,584	-	-	-	**$22,944**
Transportation [c]	-	-	-	-	-	$417	**$417**
Contracts/Training	$378,786	$206,537	$159,449	-	-	$7,974	**$752,746**
Supplies	-	-	-	-	-	-	**$157**
Rent/Utilities [d]	-	$26,125	-	-	-	$1,105	**$30,422**
Other [e]	-	-	-	-	-	$233	**$233**
Total	**$706,199**	**$480,948**	**$344,949**	**$349**	**$20,433**	**$107,605**	**$1,660,482**

[a]Personnel/Benefits includes locality pay and all benefits.
[b]Travel includes per diem payments.
[c]Transportation includes shipment of items.
[d]Rent/Utilities includes costs of space and utilities and shared common space and services.
[e]Other includes administrative costs associated with eligible CR Program management and observer activity.

FSD costs decreased in FY 2025 due to a decreased number of requests for payment relief. FSD[3] provides long term financing for purchasing CR quota and administers the fishing capacity reduction program (commonly referred to as the "buy back" program). Under section 312(b) of the MSA, 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 MSA 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 were implemented in 2005 (68 FR 69331, January 12, 2003). Under FSD's administration, 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.

5.3 American Fisheries Act

NMFS manages the AFA Program as a LAPP. On January 5, 2016, NMFS published a final rule to implement cost recovery for the AFA program (81 FR 150, January 5, 2016). The AFA allocates the Bering Sea directed pollock fishery TAC to three sectors: inshore, catcher/processor, and mothership. Each sector has established cooperatives to harvest their pollock allocation. Only the inshore cooperative is responsible for paying a fee for that sector's pollock landed under the AFA, which is due on December

[3] FSD's Fishing Capacity Reduction program website: https://www.fisheries.noaa.gov/national/funding-financial-services/fishing-capacity-reduction-programs

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 2025 notice of the fee percentages for the AFA program was published in the Federal Register on December 5, 2025 (90 FR 56134).

Only AFA direct program costs incurred by the inshore sector are included in the fee calculation. AFA direct program costs that are attributable to the catcher/processor and mothership sectors are excluded. This means direct program costs associated with the catcher/processor and mothership sectors are not recovered by NMFS or included in the fee percentage calculation.

Table 5-5 Comparison of Direct Program Costs for the AFA Program Inshore Sector from 2021 - 2025.

Cost Recovery Category	Inshore Sector				
	FY 2021	FY 2022	FY2023	FY2024	FY2025
Personnel/Benefits	$287,518	$309,541	$377,958	$304,163	$409,494
Travel	$644	$494	$8,465	$7,898	-
Printing	-	$4,500	$5,000	$5,000	$3,709
Contracts/Training	$118,691	$167,646	$197,669	$187,127	$187,415
Supplies	-	$738	$3,043	$3,316	$3,274
Equipment	$210	$2,000	$850	$2,600	$3,642
Rent/Utilities	$11,208	$17,868	$18,418	$11,807	$247
Other	$62,830	$198	$828	$523	$542
Total Direct Costs	**$481,120**	**$502,984**	**$610,384**	**$522,437**	**$623,014**
Fishery Value	**$190,527,567**	**$164,631,479**	**$242,979,836**	**$216,914,376**	**$179,926,707**
Fee Percentage	**0.25**	**0.32**	**0.26**	**0.24**	**0.35**

Overall, direct program costs increased between FY 2024 and FY 2025. Total fishery value also decreased, which resulted in the fee percentage increasing from 0.24 to 0.35 percent between FY 2024 and FY 2025.

The highest direct program costs were attributed to NMFS AKR and primarily due to contract and personnel costs. Contract costs are related to development, support, and maintenance of data flow for the trawl EM and cost recovery programs. Personnel category costs support eLandings and maintenance of CAS. 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. Overall NMFS AKR costs increased by approximately 3% between FY 2024 and FY 2025.

The second highest direct programs were attributed to OLE. While these do appear to be a large increase from 2024, there was a miscommunication in 2024 that resulted in a significant deduction to OLE's submitted costs. It has been a standing practice for OLE to submit costs for all sectors and for NMFS staff to divide that number by the number of sectors and only include the inshore sector costs in our direct program cost calculations. However, OLE only sent their inshore sector costs 2024, resulting in a double

deduction. 2025 OLE costs are in line with historical averages, if 2024 is excluded. Costs were attributed to monitoring AFA cooperative quotas and sideboard limits, verifying salmon PSC limits, enforcement of ownership/affiliation restrictions, vessel monitoring during AFA exclusive fishing periods and casework arising from AFA-specific regulatory frameworks. In 2025, NMFS had limited time for extended dialogue with partner agencies, however OLE did provide a memorandum regarding these costs (Appendix E)

The third highest direct program costs were attributed to the AFSC. Overall costs between FY 2024 and FY 2025 increased by 9 percent. Costs related to the AFA Program were incurred by 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 EDR Program.

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

Table 5-6 Direct Program Costs, by category, for AFA CV sector in FY 2025 for each of the program management billing entities.

Cost Recovery Category	AKR	AFSC	OLE	PSMFC	ADF&G	Total
Personnel/Benefits [a]	$64,291	$124,483	$190,407	$30,312	$5,515	**$409,494**
Printing	-	$3,709	---	-	--	**$3,709**
Contracts/Training	$175,749	$10,327	$23	$1,316	-	**$187,415**
Supplies	--	$3,061	-	$214	-	**$3,274**
Equipment	--	$3,642	---	-	--	**$3,642**
Rent/Utilities [b]	-	-	-	$247	-	**$247**
Other [c]	-	-	-	$542	-	**$542**
Total	**$240,040**	**$145,222**	**$190,430**	**$32,631**	**$5,515**	**$623,014**

[a] *Personnel/Benefits* includes locality pay, benefits, and overhead.
[b] *Rent/Utilities* includes costs of space and utilities and shared common space and services.
[c] *Other* includes costs allocated for grants & other/misc. category costs.

5.4 Amendment 80

NMFS manages the Amendment 80 Program as a LAPP. Amendment 80 allocates a portion of the total allowable catches of specific 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).

The 2025 notice of the fee percentages for the A80 program was published in the **Federal Register** on December 5, 2025 (90 FR 56134). Payments are due on December 31 of the year in which the landings were made.

Table 5-7 Comparison of A80 Direct Program Costs by Year.

Cost Category	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Personnel/ Benefits	$840,785	$726,241	$1,010,216	$1,162,063	$1,110,756
Travel	$1,460	$1,086	$13,897	$13,897	$2,269
Printing	-	$9,900	$11,000	$11,500	$8,532
Contracts/Training	$117,322	$187,640	$236,133	$418,917	$481,455
Supplies	$113	$2,141	$7,078	$7,641	$8,233
Equipment	$350	$4,400	$1,870	$5,980	$8,376
Rent/Utilities	$61,545	$61,197	$81,584	$72,128	$593
Other	$72,569	$329	$192	$218	$226
Total Direct Costs	**$1,094,144**	**$992,935**	**$1,361,951**	**$1,689,769**	**$1,620,439**
Fishery Value	**$76,254,313**	**$113,604,377**	**$99,604,629**	**$90,675,288**	**$104,541,539**
Fee Percentage	**1.43**	**0.87**	**1.37**	**1.86**	**1.55**

Direct program costs for A80 decreased by approximately 4 percent between FY 2024 and FY 2025. When combined with a fishery value increase of approximately 15 percent, this resulted in a fee decrease from 1.86 percent in FY 2024 to 1.55 percent in FY 2025.

OLE costs decreased by 13 percent from FY 2024 through FY 2025. 'Personnel' is the largest cost category for this division, these costs are substantial due to the number of program participants, the diversity of fishery species for this program, and compliance risk for prohibited species bycatch sampling. Due to the complex nature of the catch, the volume of landings, and crew size, investigations are often complex and time-consuming. Additionally, enforcement officers engage in assessing fines, investigations, and outreach. The majority of cost difference comes from a complete reduction of rent/utilities costs and a 93 percent reduction in costs billed to contracts. In 2025, NMFS had limited time for extended dialogue with partner agencies, however OLE did provide a memorandum regarding these costs (Appendix E)

NMFS AKR costs increased by 14 percent between FY 2024 and FY 2025. This cost increase is due to contract costs for work on the IFA project as discussed in Appendix C. Development efforts in FY 2025 were focused on modernizing all aspects of A80 permit and cooperative management.

AFSC costs decreased by approximately 3 percent between FY 2024 and FY 2025. Costs were primarily attributed to personnel for fisheries management of the program. Personnel costs account for monitoring, inseason operations, debriefing and quality control, gear inventory and deployment, and training and curriculum development for the observer program.

PSMFC costs decreased by approximately 38 percent between FY 2024 and FY 2025 primarily in personnel costs. ADF&G costs also decreased by approximately 2 percent in FY 2025. Similar to previous years, costs were attributed to eLandings program management and information technology.

Table 5-8 Direct costs, by category, for A80 in FY 2025 for each of the program management billing entities.

Cost Category	AKR	ADF&G	PSMFC	AKFSC	OLE	Total
Personnel/Benefits[a]	$157,509	$10,721	$72,750	$333,307	$536,468	**$1,110,756**
Travel[b]	$2,269	-	-	-	-	**$2,269**
Printing	-	-	-	$8,532	-	**$8,532**
Contracts/Training	$452,540	-	$3,949	$23,753	$1,212	**$481,455**
Supplies	$681	-	$513	$7,039	-	**$8,233**
Equipment	-	-	-	$8,376	-	**$8,376**
Rent/Utilities[d]	-	-	$593	-	-	**$593**
Other[e]	-	-	$226	-	-	**$226**
Total	**$612,999**	**$10,721**	**$78,030**	**$381,008**	**$537,681**	**$1,620,439**

[a] *Personnel costs* includes locality pay, benefits, and overhead.
[b] *Travel* includes per diem payments.
[c] *Transportation* includes shipment of items.
[d] *Rent/Utilities* includes costs of space and utilities and shared common space and services.
[e] *Other* includes costs for grants & other/misc category costs.

5.5 Aleutian Islands Pollock

The AIP Program allocates the Aleutian Islands directed pollock fishery TAC to the Aleut Corporation, consistent with the Consolidated Appropriations Act of 2004 (Pub. L. 108-199) and implementing regulations. Annually, prior to the start of the pollock season, the Aleut Corporation provides NMFS with the identity of its designated representative for harvesting the Aleutian Islands directed pollock fishery TAC. The same individual is responsible for the submission of all cost recovery fees for pollock landed under the AIP Program. Cost recovery requirements for the AIP Program are at § 679.67.

NMFS calculates the standard price for pollock using the most recent annual value information reported to the Alaska Department of Fish and Game for the Commercial Operator's Annual Report and compiled in the Alaska Commercial Fisheries Entry Commission Gross Earnings data for Aleutian Islands pollock. As explained above, due to the time required to compile the data, there is a 1-year delay between the gross earnings data year and the fishing year to which it is applied.

For the 2024 and 2025 fishing years, the Aleut Corporation did not select any participants to harvest or process the Aleutian Islands directed pollock fishery TAC, and most of that TAC was reallocated to the Bering Sea directed pollock fishery TAC. Since there was no fishery for the AIP Program in 2025, there were no direct costs and the fee percentage is zero.

5.6 Community Development Quota (CDQ) Program

On January 5, 2016, NMFS published a final rule to implement cost recovery for the CDQ Program (81 FR 150). The CDQ Program allocates a portion of the TACs of 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 5, 2025 (90 FR 56134). 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.

Table 5-9 Comparison of CDQ Direct Program Costs by Year.

Cost Category	FY 2021	FY 2022	FY 2023	FY 2024	FY2025
Personnel/ Benefits	$321,299	$327,906	$467,269	$508,334	**$ 433,419**
Travel	$531	$395	$7,881	$9,290	**$ 2,680**
Printing	-	$3,600	$4,000	$4,000	**$ 2,968**
Contracts/Training	$ 181,128	$ 225,149	$ 387,119	$425,272	**$ 348,632**
Supplies	-	$1,600	$2,537	$2,537	**$ 2,675**
Equipment	-	$ 573	$ 680	$2,080	**$ 2,914**
Rent/Utilities	$ 20,257	$8,761	$8,726	$19,616	-
Other	$ 26,386	-	-	-	-
Total Direct Costs	**$ 549,601**	**$ 567,984**	**$881,105**	**$971,118**	**$ 793,287**
Fishery Value	**$66,402,272**	**$ 67,080,329**	**$ 82,731,219**	**$70,209,542**	**$66,899,173**
Fee Percentage	**0.83**	**0.85**	**1.07**	**1.38**	**1.19**

Total CDQ Program costs decreased by approximately 18 percent in FY 2025 relative to FY 2024. Total fishery value for the CDQ Program decreased by approximately 5 percent in FY 2025 relative to FY 2024. The fee percentage decreased from 1.38 to 1.19 percent.

The highest contributor of direct program costs for CDQ is OLE, which decreased by approximately 16 percent relative to FY 2024. Personnel costs decreased and rent/utilities costs were eliminated. Contract costs include the observer program and data service contracts and were equivalent to FY 2024 costs. Personnel costs were attributed to patrols, investigations, outreach and education efforts, and compliance assistance. In 2025, NMFS AKR had limited time for extended dialogue with partners, however OLE did provide a memorandum regarding these costs (Appendix E)

The second largest contributor to direct program costs for CDQ is AKR. AKR costs decreased by approximately 33 percent relative to FY 2024. The decreased costs are attributed to reduced staff and contract time on the IFA project as discussed in Appendix C.

AFSC costs increased by approximately 7 percent relative to FY 2024. Costs were incurred by the FMA division which operates the North Pacific Observer Program. Personnel work on inseason operations, debriefing, quality control, gear inventory, deployment, and training specific to the CDQ Program.

ADF&G costs cover eLandings program management and decreased by approximately 10 percent relative to FY 2024.

Table 5-10 Direct Program Costs, by category, for the CDQ Program in FY 2025 for each of the program management billing entities.

Cost Category	AKR	ADF&G	AFSC	OLE	Total
Personnel Costs[a]	$69,523	$32,124	$120,185	$211,587	**$ 433,419**
Travel[b]	$ 2,680	-	-	-	**$ 2,680**
Printing	-	-	$ 2,968	-	**$ 2,968**
Contracts/Training	$ 133,833	-	$ 8,262	$ 206,537	**$ 348,632**
Supplies	$ 227	-	$ 2,448	-	**$ 2,675**
Equipment	-	-	$ 2,914	-	**$ 2,914**
Total	**$ 206,262**	**$32,124**	**$ 136,777**	**$ 418,124**	**$ 793,287**

[a] *Personnel costs* includes locality pay, benefits, and overhead.
[b] *Travel* includes per diem payments.

5.7 Halibut and Sablefish Individual Fishing Quota (IFQ) Program

NMFS Alaska Region administers the IFQ Program in the North Pacific. The IFQ Program is a limited access system authorized by the MSA and the Northern Pacific Halibut Act of 1982 (Halibut Act). Fishing under the IFQ Program began in March 1995. Regulations implementing the IFQ Program are set forth at 50 CFR part 679.

On March 20, 2000, NMFS published regulations at § 679.45 to implement cost recovery for the IFQ Program (65 FR 14919). Under the regulations, an IFQ permit holder must pay a cost recovery fee for every pound of IFQ halibut and sablefish that is landed on their IFQ permit(s), including any halibut that is landed as guided angler fish. The IFQ permit holder is responsible for self-collecting the fee for all IFQ halibut and sablefish landings on their permit(s). The IFQ permit holder is also responsible for submitting IFQ fee payments(s) to NMFS on or before January 31 of the year following the year in which the IFQ landings were made. The total dollar amount of the fee is determined by multiplying the NMFS published fee percentage by the ex-vessel value of all IFQ landings made on the permit(s) during the IFQ fishing year. As required by § 679.45(d)(1) and (d)(3)(i), NMFS publishes this notice of the fee percentage for the IFQ halibut and sablefish fisheries in the Federal Register during or prior to the last quarter of each year. The 2025 fee notice was published on December 31, 2025 (90 FR 61380).

Table 5-11 Comparison of the annual IFQ Direct Program Costs from 2021 through 2025.

Cost Category	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Personnel/ Benefits	$2,666,199.00	$2,767,777.00	$2,877,981.00	$2,840,269.00	**$ 2,714,677**
Travel	$7,699.00	$41,667.00	$22,268.00	$44,936.00	**$ 16,648**
Transportation	$32,189.00	$24,912.00	$28,001.00	$28,065.00	**$ 25,326**
Printing	-	$1,350.00	$17,348.00	$488.00	-
Contracts/Training	$996,801.00	$1,171,522.00	$1,496,351.00	$1,101,865.00	**$ 955,696**
Supplies	$77,030.00	$1,522.00	$34,424.00	$10,060.00	**$ 3,906**
Equipment	$3,027.00	$705.00	$28,716.00	$1,117.00	-
Rent/Utilities	$189,296.00	$209,253.00	$247,989.00	$239,431.00	**$ 18,582**
Other	$6,654.00	$4,781.00	$9,233.00	$9,013.00	**$ 7,133**
Total Direct Costs	**$3,978,894.00**	**$4,223,487.00**	**$4,856,041.00**	**$4,275,244.00**	**$ 3,741,968**
Fishery Value	**$171,017,323.00**	**$216,771,279.00**	**$144,038,414.00**	**$125,153,355.00**	**$158,559,852**
Fee Percentage	**2.3**	**1.9**	**3.4***	**3.4***	**2.4**

*These billed percentages were limited by the MSA statutory 3% cap of the ex-vessel value of the fishery in any Program year.

IFQ direct program costs decreased by approximately 12.5 percent relative to FY 2024. Combined fishery value for the IFQ program increased by approximately 27 percent. The calculated fee percentage decreased from 3.4 percent to 2.4 percent.

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, landings, and offload ports, as well as the duration of IFQ fisheries. There is also a secondary cost for the IFQ data clerk contract. Further, OLE is responsible for shoreside enforcement and provides after-hours surveillance. OLE provided a memorandum further explaining costs billed to the IFQ program. (Appendix F)

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 appropriate action. Additionally, the IFQ Program does not require the use of vessel monitoring systems (VMS) 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 by approximately 6 percent from FY 2024 to FY 2025, largely due to a decision not to charge rent or utilities to cost recovery for FY 2025.

NMFS AKR costs decreased by approximately 32 percent relative to FY 2024. While there are significant personnel costs for issuing the large number of IFQ permits and processing transfers of quota shares, including transfers related to medical leases and right of survivorship and maintaining the necessary electronic systems to track permits, transfers and landings, FY 2025 saw significant staff reductions with a resulting decrease in costs. AKR also chose not to bill anything in the rent/utilities category to cost recovery for FY 2025 and there was a further reduction in contract costs billed to the IFQ program.

FSD costs support the loan program for purchasing IFQ quota. For FY 2025, FSD costs decreased by approximately 53 percent due to lower loan volumes and fewer servicing requests.

Costs incurred by the IPHC are primarily attributed to personnel and benefits. Personnel supports the IFQ fishery and IPHC administrative duties associated with the IFQ fishery. IPHC costs for FY 2025 were equivalent to FY 2024.

ADF&G costs are related to maintaining the eLandings catch accounting program. FY 2025 costs decreased by approximately 7 percent.

Table 5-12 Direct costs, by category, for the IFQ program in FY 2025 for each of the program management billing entities.

Cost Recovery Component	AKR	FSD	OLE	IPHC	ADF&G	Total
Personnel/benefits [a]	$445,971	$16,921	$1,422,129	$70,433	$129,224	**$2,714,677**
Travel [b]	$1,045	-	-	$14,332	$1,271	**$16,648**
Transportation [c]	-	-	-	$25,326	-	**$25,326**
Contracts/ Training [d]	$314,449	-	$620,621	$20,625	-	**$955,696**
Supplies	-	-	-	$3,906	-	**$3,906**
Rent/Utilities [e]	-	-	-	$18,582	-	**$18,582**
Other	$7,133	-	-	-	-	**$7,133**
Total	**$768,598**	**$16,921**	**$2,042,750**	**$783,204**	**$130,494**	**$3,741,968**

[a] *Personnel costs* includes locality pay, benefits, and overhead.
[b] *Travel* includes per diem payments. IPHC uses a scaler to determine costs so IPHC travel expenses reflect costs derived by a separate cost formula
[c] *Transportation* includes shipment of items.
[d] *Contracts/Training* are an aggregate of contracts, contract fees, and training costs.
[e] *Rent/Utilities* includes costs of space and utilities and shared common space and services.

5.8 Rockfish Program

The rockfish fisheries are conducted in Federal waters near Kodiak by trawl and longline vessels. Regulations implementing the Rockfish Program are set forth at 50 CFR part 679. Exclusive harvesting privileges are allocated as QS under the Rockfish Program for rockfish primary and secondary species. Each year, NMFS issues rockfish primary and secondary species cooperative quota (CQ) to rockfish quota share holders to authorize harvest of these species. The rockfish primary species are northern rockfish, Pacific ocean perch, and dusky rockfish. The rockfish secondary species include Pacific cod, rougheye rockfish, shortraker rockfish, sablefish, and thornyhead rockfish. Rockfish cooperatives began fishing under the Rockfish Program in 2012.

The Rockfish Program is a LAPP established under the provisions of section 303A of the MSA. NMFS is required to collect fees for the Rockfish Program under sections 303A and 304(d)(2) of the MSA. The Rockfish Program fee notice was published on April 9, 2026 (91 FR 17946).

Table 5-13 Comparison of RP Direct Program Costs by year from 2021 through 2025.

Cost Category	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Personnel/ Benefits	$217,227.00	$210,970.00	$199,497.00	$209,216.00	**$ 107,666**
Travel	-	$647.00	$6,892.00	$7,214.00	**$ 1,587**
Transportation	$4,466.00	$6,132.00	$4,364.00	$5,432.00	-
Printing	-	$450.00	$500.00	$500.00	**$ 371**
Contracts/Training	$54,806.00	$80,880.00	$123,006.00	$203,766.00	**$ 171,033**
Supplies	-	$200.00	$4,027.00	$316.00	**$ 306**
Equipment	-	$772.00	$85.00	$260.00	**$ 364**
Rent/Utilities	$4,827.00	$8,902.00	$5,741.00	$3,287.00	-
Other	$1,776.00	-	$7.00	$3,304.00	-
Total Direct Costs	**$285,252.00**	**$308,955.00**	**$344,120.00**	**$432,994.00**	**$ 281,328**
Fishery Value	**$10,308,123.00**	**$12,187,846.00**	**$9,597,377.00**	**$5,763,628.00**	**$9,215,638**
Fee Percentage	**2.77**	**2.53**	**3.59***	**7.51***	**3.05***

*These billed percentages were limited by the MSA statutory three percent cap of the ex-vessel value of the fishery in any Program year.

Overall, RP direct program costs for FY 2025 were an approximately 35 percent decrease from FY 2024. When combined with an approximately 60 percent increase in fishery values, this results in an actual fee percentage of 3.05 percent, resulting in a 3.00 percent fee percentage being applied to FY 2025 landings.

NMFS AKR has the highest billing costs which are attributed to personnel for catch accounting, inspections, permit issuance and fisheries management. The majority of the decreased costs for FY 2025 is attributable to the retirement of the Rockfish Program coordinator and resulting reduction in personnel costs.

AFSC had a decrease of approximately 18 percent in billed costs for FY 2025 compared to FY 2024. ADF&G costs were equivalent to FY 2024. Both the AFSC and ADF&G make up a small percentage of the total direct program costs for rockfish cost recovery.

Table 5-14 Direct costs, by category, for RP in FY 2025 for each of the program management billing entities.

Cost Recovery Component	AKR	AFSC	ADF&G	Total
Personnel/Benefits[a]	$ 97,222	$ 4,553	$5,891	**$ 107,666**
Travel[b]	$ 1,587	-	-	**$ 1,587**
Printing	-	$ 371	-	**$ 371**
Contracts/Training	$ 170,000	$ 1,033	-	**$ 171,033**
Supplies	-	$ 306	-	**$ 306**
Equipment	-	$ 364	-	**$ 364**
Total	**$ 268,809**	**$ 6,627**	**$5,891**	**$ 281,328**

[a] Personnel includes costs of locality pay, benefits, and overhead.
[b] Travel includes per diem payments.

6 Appendix A. Tracking Incremental Costs for Cost Recovery Fee Collection

NMFS Alaska Region Guidance

Tracking Incremental Costs for Cost Recovery Fee Collection

May 2025

Background

Section 304(d)(2) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) authorizes and requires NMFS "to recover the actual costs directly related to the management, data collection, and enforcement" of any Limited Access Privilege (LAP) program and the Western Alaska Community Development Quota (CDQ) Program. The Magnuson-Stevens Act defines the fisheries that meet the definition of a LAP and the CDQ Program, and describes the methods required to assess and collect fees for LAP and CDQ Programs. The Magnuson-Stevens Act also limits the maximum amount of annual cost recovery fees to no more than 3% of the ex-vessel value of fish harvested under a LAP or the CDQ Program.

The U.S. Government Accountability Office (GAO) examined cost recovery fee programs in 2005 (March 2005, GAO Report to Congressional Requesters GAO-05-24). This report recommended that NOAA establish cost recovery fee programs as required and authorized by section 304(d)(2) of the Magnuson-Stevens Act for all management programs to which they would apply; and that NOAA should develop guidance as to which costs are to be recovered and, when actual information is unavailable, how to estimate the costs.

In response to the GAO report, NOAA established policy guidance to define the methods for determining costs and implementing cost recovery fee programs for LAP programs (November 2007, NOAA Technical Memorandum NMFS-F/SPO-86). NOAA further clarified this policy guidance in the NMFS Catch Share Policy (January 2017).

NOAA policy clarifies that cost recovery fees are collected to recover "incremental costs" of LAP Program and CDQ Program management.

This document describes procedures for tracking incremental costs for LAP and CDQ programs specific to Federal fisheries in Alaska.

What Are Incremental Costs?

According to the NOAA Catch Share Policy, NOAA may compute and recover from participants only the incremental operating costs associated with LAP and CDQ programs. **The relevant costs to recover are the incremental costs, i.e., those costs that would not have been incurred but for the limited access privilege program**, since cost recovery is not authorized for non-LAP program fisheries. Measuring these costs involves a "with and without" comparison of the cost of running the management program for

the specified fishery under the non-LAP program regime, relative to the costs attributable to implementing the LAP program.

Incremental costs refer only to the costs that are added because of the implementation of a LAP program or the CDQ Program. For example, a fishery stock assessment would be required whether or not a LAP program or CDQ Program existed. If specific permits, monitoring provisions, catch accounting provisions, or enforcement requirements are needed to manage, collect data, or enforce a LAP program or CDQ Program, it would be appropriate to recover fees to cover those costs. Costs incurred prior to the implementation of a cost recovery program are not recoverable (i.e. any activities prior to the publishing of the final rule to implement the program).

Organizations must provide an explanation describing how the organization determines what is or is not an incremental cost and document efforts to minimize costs and describe cost savings for each cost recovery program.

Who Should Track Costs?

Employees of NMFS Alaska Region: Restricted Access Management (RAM) Program, Sustainable Fisheries (SF) Division, Information Services Division (ISD), and Operations Management Division (OMD); Headquarters Financial Services Division (FSD); Office of Law Enforcement (OLE) Alaska Division (AKD); Alaska Fisheries Science Center: Fisheries Monitoring and Analysis (FMA) Division, and Resource Ecology and Fisheries Management (REFM) Division, may incur costs subject to cost recovery fees. Additionally, employees of the Alaska Department of Fish and Game (ADFG), the International Pacific Halibut Commission (IPHC), and Pacific States Marine Fisheries Commission (PSMFC) may incur incremental costs related to some of these fishery management programs that may be recovered. Table 3 lists the organizations that may have incremental costs eligible for recovery by the LAP or CDQ program.

North Pacific Fishery Management Council staff and NOAA General Counsel are not eligible to recover costs through this fee program.

Minimize Costs for the Regulated Public

In addition to ensuring that only incremental costs are billed to cost recovery, each organization must minimize their costs for the regulated public. Each organization will submit documentation on its efforts to minimize costs and describe cost savings to NMFS in the Cost Recovery Statement of Assurance. NMFS will include this information in the annual cost recovery report.

Fishery Management Programs Subject to Cost Recovery Fees

NMFS has cost recovery programs for seven LAP Programs and the CDQ Program. NMFS established cost recovery programs for each program at different times. We had three cost recovery programs implemented prior to 2016, four implemented in 2016, and our newest one in 2023. These programs are listed below with the implementation dates for the cost recovery programs noted in parentheses.

1. Halibut and Sablefish Individual Fishing Quota Program (2000)

2. Crab Rationalization Program (2005)
3. Rockfish Program (2012)
4. American Fisheries Act (Bering Sea pollock)—General (2016)
    a. AFA Mothership
    b. AFA Catcher Vessel
    c. AFA Catcher/Processor
5. Amendment 80 sector (BSAI non-pollock trawl catcher/processors) (2016)
6. Community Development Quota (CDQ) (CDQ crab cost recovery already in place) (2016)
7. Aleutian Islands pollock (2016)
8. Pacific Cod Trawl Cooperative (PCTC) Program (2023)

In January 2016, NMFS published a final rule to implement cost recovery programs for four LAP programs: the Aleutian Islands Pollock Fishery, the American Fisheries Act (Bering Sea pollock fishery), the Amendment 80 Program (non-pollock Bering Sea and Aleutian Islands catcher/processors), and the CDQ Program. The final rule became effective on February 4, 2016 and the Alaska Region began tracking costs and recovering fees for these fishery management programs. The AFA Bering Sea Pollock program is subdivided into four codes, one for incremental costs that apply to the AFA Bering Sea pollock fishery in general, and one for each of the three sectors: motherships, catcher vessels, and catcher/processors.

Due to court decisions, the AFA mothership sector and AFA catcher/processor sector are no longer billed annual AFA cost recovery fees (*Mothership Fleet Cooperative, et al., v. Ross et al* and *CP Salmon Corporation, et al. v Wilbur Ross, et al.*). Currently, only the AFA catcher vessel (inshore) sector cooperatives are responsible for paying AFA cost recovery fees.

In August 2023, NMFS published a final rule to implement a cost recovery program for the Pacific Cod Trawl Cooperative Program. The final rule became effective on September 7, 2023 and we began tracking costs and recovering fees for these fishery management programs on October 8, 2023. This start date was chosen as it is the first full pay period of the new fiscal year. The cost recovery programs are outlined in Table 1 of this document.

How Does Cost Recovery Work?

NMFS has established specific annual periods for tracking the incremental costs related to each of these cost recovery programs. These annual periods vary depending on the specific fishing patterns in the fisheries and other administrative requirements. In some fisheries, NMFS also requires specific industry participants to provide data on the volume and value (volume and value reports) of the fisheries so that NMFS has current ex-vessel value information to estimate total value at the end of the year. NMFS also establishes annual dates when the cost amounts are published in the Federal Register along with the applicable fee percentage for a year, and any information that fishery participants will need in order to pay their fee. The annual periods for collecting program costs, volume and value reporting deadlines, publication dates of the annual fee percentage, and billing due dates are described in Table 4 of this document. Additional information on each of the cost recovery programs, the specific fisheries subject to

cost recovery, and payment requirements is provided on the Alaska Region website.

Staff with incremental costs track those costs throughout the appropriate time period described in Table 4. For most cost recovery programs, the tracking period is the fiscal year, from October through September.

For most cost recovery programs, NMFS determines standard ex-vessel values for each fishery and publishes a notice of those standard ex-vessel prices in late fall (See Table 4). NMFS Operations Management Division (OMD) will send out notices of fee liabilities after the standard ex-vessel price notice has been published (by December 1 each year for most programs), and the fees will be due approximately one month after the fee liability notices are sent by NMFS. Please see Table 4 for specific dates for each cost recovery program.

Collected fees are then used to reimburse organizations for the costs they incurred in the previous fiscal year. The amount of fees collected may not exceed 3% of the ex-vessel value of the fishery. If incremental costs exceed 3% of the ex-vessel value, they will be reimbursed proportionally. For example, if NMFS recovers fees to cover 50% of the costs incurred for a fishery, each organization that tracked and submitted incremental costs will be reimbursed for 50% of their program's costs. All organizations are required to spend the recovered funds for management activities directly related to the specific program from which the funds were collected.

Recoverable Costs

Categories of incremental costs that may be eligible for cost recovery include, but are not limited to, the following:

1. **Labor (Salary/Benefits)**
    - Track in 15 minute increments on timesheet (see Figure 1)
2. **Travel**
    - Note % and cost recovery program on AKR Employee Travel Request Form (see Figure 2)
3. **Training**
    - Note task code on training request form
4. **Purchases – services/equipment/supplies/software**
    - Inform Administrative Assistant and/or Cardholder when preparing the purchase request
5. **Transportation**
6. **Rent/utilities**
7. **Printing**

Only those costs that are incremental to the management of the LAP or CDQ program should be submitted for cost recovery. Specific tasks or activities that may be subject to cost recovery are listed in Table 2.

For enhanced transparency, if incremental costs are requested for travel, rent, lease and utility costs, each agency must submit to NMFS detailed descriptions of what these costs are and why the costs in these

categories are incremental and compliant with NMFS policies on cost recovery.

How Do I Track Personnel Costs?

The largest incremental cost category is personnel. Track personnel costs by a number of personnel, hours worked, and descriptions of LAP program specific tasks completed as an incremental cost. Staff with job duties that are considered incremental costs and involve multiple cost recovery programs such as eLandings can seek alternative calculation through an annually approved equation by the supervisor and OMD. If you use a calculation to estimate staff time, please provide how you determine these costs and the annual review processes you do to ensure these costs are incremental (i.e., directly attributable to the advent of the LAP or CDQ program).

Program Managers should advise their employees how to track their costs consistently.

- **When in doubt, consult your supervisor!** It is important that within workgroups, employees are tracking their time in a consistent fashion.
- AKR timesheet (Figure 1) and travel request (Figure 2) forms reflect codes for each cost recovery program.
- Employees should track their hours to the nearest 15 minutes.
- Employees specify in the Notes section of their timesheets the specific project that they were working on relative to the cost recovery program.
- For Program Managers to provide their end of year reports, they should explain any changes from year to year, especially when large increases in costs occur, and provide logical rationale for how their program's costs were tracked and estimated.

Best Practices: Note the topics you work on during a pay period in the "Actions/Remarks" section of your T&A Workbook to help your supervisor keep track of specific issues you have worked on.

Cost Recovery Statement of Assurance

Each organization must submit to NMFS a Cost Recovery Statement of Assurance form by the due date in Table 5 (see attached Cost Recovery Statement of Assurance). Organizations must ensure all costs submitted for reimbursement meet the following two part eligibility test:

- Costs are directly related to and in support of: fishery management, data collection and analyses, or enforcement.
- Costs are incremental operating costs only, i.e. those costs that would not have been incurred but for the Limited Access Privilege Program (LAPP). Incremental costs are based solely on the "with or without" test that compares the cost of managing the specified fishery without the LAPP relative to the cost of managing the fishery under the LAPP. Management costs arising after the establishment of a LAPP are insufficient to establish eligibility (i.e. a "before and after" test).

Costs which satisfy the above two part eligibility test shall be individually recorded at the transaction-level or using a preidentified and acceptable accounting methodology and should be rolled up into specified categories.

For each category of cost billed to cost recovery in the form, organizations must provide an explanation of why they are charging the cost and how it meets the eligibility test. More detailed explanations will be required for the cost categories of Personnel, Rent/Utilities, and Travel. Specifically:

- describe personnel costs by type of position and location, hours worked and descriptions of LAP program specific tasks completed as an incremental cost. If a calculation is used to estimate staff time, provide how the costs are determined and the annual review processes you do to ensure these costs are incremental; and
- describe all travel, rent, lease and utility costs and how they are incremental costs associated with a LAP program.

The Cost Recovery Statement of Assurance also requests organizations to explain how the organization determines what is or is not an incremental cost, describe how the organization is minimizing costs for the regulated public, and describe cost savings.

NMFS will provide these explanations in the Annual Cost Recovery Report.

Annual Cost Recovery Report

Each year, NMFS will provide an Annual Cost Recovery Report to the North Pacific Fishery Management Council in April. Each organization is responsible for providing supporting information to NMFS in their Cost Recovery Statement of Assurance form explaining how they minimized costs and estimated the incremental costs charged to cost recovery. NMFS posts the Annual Cost Recovery Report on the NMFS Alaska Region cost recovery webpage.

Example Scenarios

Scenario 1 (Sustainable Fisheries Division): Julie will be traveling to three rural Alaskan communities during a work week to conduct public meetings about recent changes to the CDQ Program. All of her time and travel expenses for that week, plus any time spent preparing for these meetings should be recorded under the CDQ Program code.

Scenario 2 (Observer Program): Under the open-access fishery, prior to implementation of the Amendment 80 LAP, the F/V *MarySue* was required to carry one observer. Under the Amendment 80 Program, the F/V *MarySue* is required to carry two observers. Costs associated with the debriefing and training of one observer would not be assessed or included in the fee liability calculation because that observer was required before the LAP was implemented. However, debriefing and training costs associated with the second observer required by the LAP program would be recoverable because those costs are a direct result of the implementation of the LAP program.

Scenario 3 (Information Services Division): Larry has spent 40 hours modifying the programming for eLandings, the application that is used to report Crab Rationalization, IFQ, and other landings that are not subject to cost recovery. Because the application is used for multiple fisheries, it is difficult to determine how much time should be attributed to each cost recovery program. ISD has developed a formula for tracking programming units that includes weighting factors for the degree of complexity, amount of

integration, time sensitivity, etc. for each of the fishery management programs. In this case, Larry would keep track of his total time working on eLandings and OMD/Budget would apply the formula to determine how to allocate his time among cost recovery and other programs.

Table 1. Fishery management programs to which cost recovery applies, and their associated NOAA accounting codes.

Fishery Management Program	Program Code	Project Codes	Task Codes (FY[1])
Amendment 80 BSAI Non-Pollock (A80)	14-02-06-01-0005	14021LFE80	FYP80
American Fisheries Act (BS pollock) —General (AFA)	14-02-06-01-0006	14021LFEAF	FYPAF
AFA Pollock—Catcher Vessel (CV/Inshore)	14-02-06-01-0006	14021LFEAF	FYPCV
AFA Pollock—Mothership (MS)			FYPMS[2]
AFA Pollock—Catcher/Processor (CP)			FYPCP[2]
Aleutian Islands Pollock (AIP)	14-02-06-01-0007	14021LFEAP	FYPAP
Crab Rationalization (CRAT)	14-02-06-01-0003	14021LFECB	FYPCB
Western Alaska Community Development Quota Program (CDQ)	14-02-06-01-0008	14021LFECD	FYPCD
Halibut/Sablefish (IFQ)	14-02-06-01-0002	14021LFEHS	FYPHS
Rockfish Program (RP)	14-02-06-01-0004	14021LFERF	FYPRF
Pacific Cod Trawl Cooperative (PCTC)	14-02-06-01-0018	14021LFEPC	FYPPC

[1]FY stands for the fiscal year in which the funds were appropriated. (ie: funds allotted in FY24 for A80 would use task code 24P80).

[2]Costs cannot be obligated to project code 14021LFEAF for the AFA Mothership and Catcher/Processor sectors; however, applicable costs can still be tracked by the task codes FYPMS and FYPCP respectively.

Table 2. Tasks or activities by NMFS division or section that may be eligible for cost recovery. An "X" indicates that a division or section could have a recoverable cost associated with this task or activity.

	AKR				OLE	AFSC		HQ
Tasks/Activities Required for all Programs	**RAM**	**SF**	**ISD**	**OMD**	**AKD**	**FMA**	**REFM**	**FSD**
At-sea scale inspections		X				X		
Video equipment inspections		X				X		
Observer sampling station inspections						X		
Observer training, debriefing, data management, and observer gear						X		
Data requests specific to program (including loan applications and review, assisting cooperatives to prepare applications, excluding FOIA requests)	X	X				X	X	X
Electronic reporting (landings, elog, etc.) support of servers, application development, training, user support, etc.		X	X			X	X	

Catch Accounting System (maintenance of systems that support catch share program tracking, updates to system for program changes).		X	X					
Analysis and rulemaking to modify FMP or program regulations	X	X	X	X	X		X	X
Annual cost recovery fee notice, calculation of standard prices		X	X	X				
Renewal of approval for information collections (every 3 years), review of forms and instructions	X	X		X			X	
Attend workshops hosted by NMFS on program issues or attend meetings at request of industry	X	X		X	X		X	
Attend Council meetings to participate in regulatory and policy discussions, provide reports, track issues specific to the program.	X	X			X		X	
Conduct outreach, inspections, boardings, investigations, and enforcement actions related to a specific program					X	X		X
Fee billing and support				X				

Table 3. Organizations that may have incremental costs eligible for recovery by LAP or CDQ program. (See Table 1 for fishery management program abbreviations.) Shaded rows designate agencies external to NOAA.

	Fishery Management Program							
Division/Agency	**A80**	**AFA[1]**	**AIP[2]**	**CRAT**	**CDQ**	**IFQ**	**RP**	**PCTC**
Financial Services Division (FSD)				X		X		
Fisheries Monitoring and Analysis Division (FMA)	X	X			X		X	X
Information Services Division (ISD)	X	X	X	X	X	X	X	X
Office for Law Enforcement (OLE)	X	X	X*	X	X	X	X*	X
Operations and Management Division (OMD)	X	X	X	X	X	X	X	X
Restricted Access Management (RAM)	X	X	X	X	X	X	X	X
Resource Ecology and Fisheries Management (REFM)	X	X		X				
Sustainable Fisheries Division (SF)	X	X	X	X	X	X	X	X
Alaska Department of Fish and Game (ADFG)	X	X	X	X	X	X	X	X
International Pacific Halibut Commission (IPHC)						X		
Pacific States Marine Fisheries Commission (PSMFC)	X	X		X				

[1]American Fisheries Act Bering Sea Pollock fishery management program is subdivided by sector: mothership, catcher vessel, and catcher processor.
[2]The Aleutian Islands pollock fishery does not occur every year. In years when it does not occur, fees won't be collected for this fishery
*Historically has not charged to fishery, however the potential to incur costs exists

Table 4: Overview due dates and reporting requirements for Alaska Region cost recovery programs

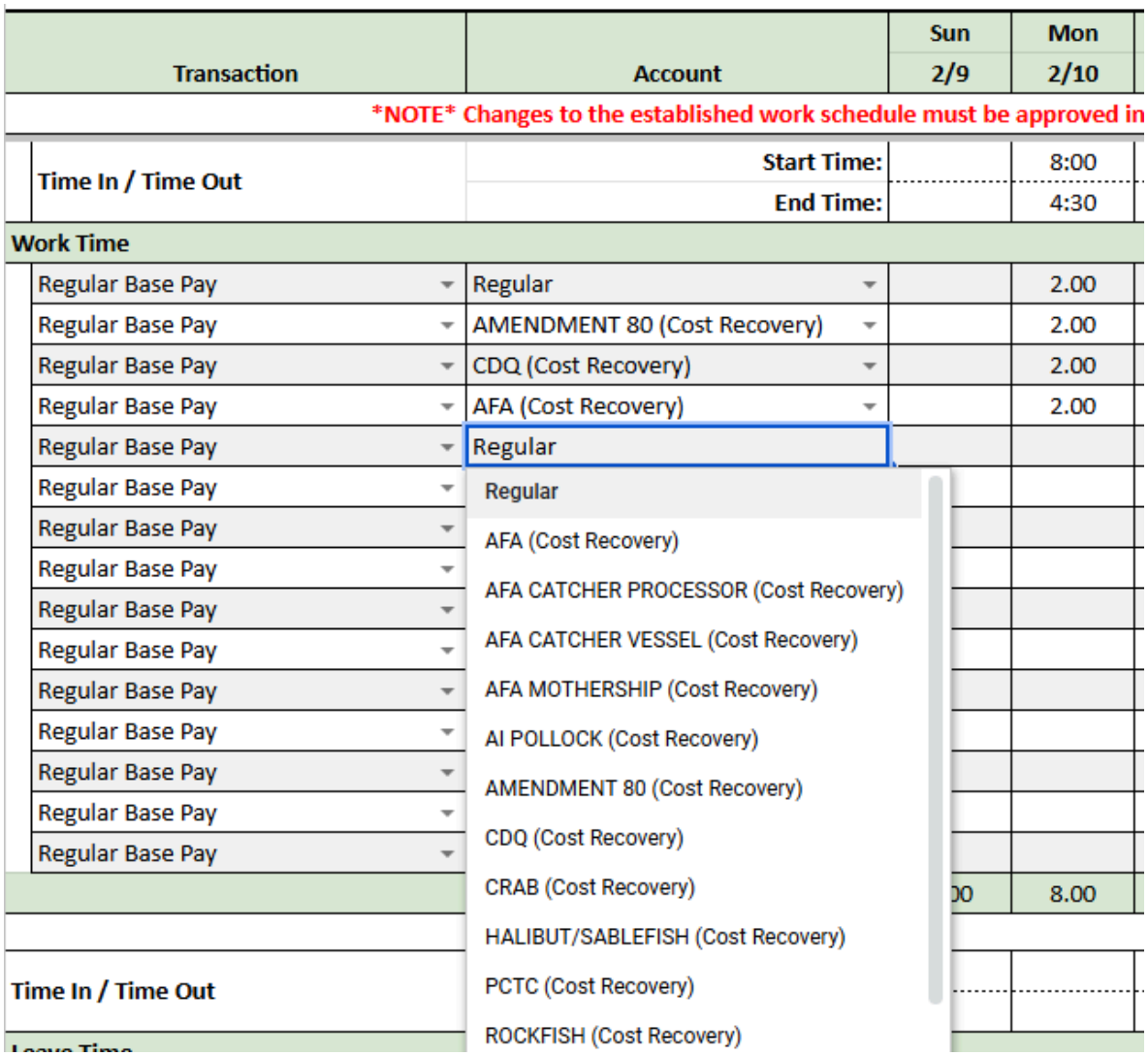
Fishery Management Program	Reporting Cycles when Costs are Assessed (i.e., Fiscal Year)	Volume and Value Reports Required	Who must submit volume and value reports?	When are volume and value reports due?	When are Fee Liability Statements Sent?	When are payments due?
Aleutian Islands (AI) pollock	Fiscal Year (October 1 through September 30)	N/A	N/A	N/A	December 1	December 31
Amendment 80 (A80) BSAI non-pollock	Fiscal Year (October 1 through September 30)	First Wholesale Volume and Value Report	Amendment 80 vessel owners	November 10	December 1	December 31
		Pacific cod Ex-vessel Volume and Value Report	BSAI shoreside processors and motherships	November 10		
American Fisheries Act (AFA BS pollock)	Fiscal Year (October 1 through September 30)	N/A	N/A	N/A	December 1	December 31
Crab Rationalization (CRAT)	Mid-April through Mid-April	Registered Crab Receiver Ex-vessel Volume and Value Report	Registered Crab Receivers	May 31	July 1	July 31
Halibut/Sablefish IFQ	Fiscal Year (October 1 through September 30)	IFQ Registered Buyer Ex-Vessel Volume and Value Report	IFQ Registered Buyers	October 15	January 1	January 31
Pacific Cod Trawl Cooperative (PCTC)	July through June	Pacific Cod Ex-vessel Volume and Value Report	BSAI shoreside processors and motherships	November 10	August 1	August 31
Rockfish Program (RP)	Fiscal Year (October 1 through September 30)	Rockfish Ex-Vessel Volume and Value Report	Central GOA shoreside processors	December 1	January 15	February 15
Western Alaska CDQ Program[1]	Fiscal Year (October 1 through September 30)	First Wholesale Volume and Value Report	Amendment 80 vessel owners (see Amendment 80)	November 10	December 1	December 31
		Pacific cod Ex- vessel Volume and Value Report	BSAI shoreside processors and motherships (see Amendment 80)	November 10		

[1] Note that CDQ payments for the CDQ crab are subject to cost recovery under the requirements applicable for Crab Rationalization. This category applies only for CDQ groundfish and halibut cost recovery.

Table 5. Cost Recovery Statement of Assurance due dates for Alaska Region cost recovery programs

Fishery Management Program	Reporting Cycles when Costs are Assessed (i.e., Fiscal Year)	Agency Partners likely to submit incremental costs	NMFS sends out the Cost Recovery Statement of Assurance forms	When are Assurance forms due?
Aleutian Islands (AI) pollock	Fiscal Year (October 1 through September 30)	ADFG	Early October	November 1
Amendment 80 (A80) BSAI non-pollock	Fiscal Year (October 1 through September 30)	AFSC (FMA) AFSC (REFM) ADFG OLE PSFMC	Early October	November 1
American Fisheries Act (AFA BS pollock)	Fiscal Year (October 1 through September 30)	AFSC (FMA) AFSC (REFM) ADFG OLE PSFMC	Early October	November 1
Crab Rationalization (CRAT)	Mid-April through Mid-April	ADFG AFSC (REFM) FSD OLE PSFMC	Mid May	June 15
Halibut/Sablefish IFQ	Fiscal Year (October 1 through September 30)	ADFG FSD IPHC OLE	Early November	December 1
Pacific Cod Trawl Cooperative (PCTC)	July through June	AFSC (FMA) ADFG OLE	Early July	July 15
Rockfish Program (RP)	Fiscal Year (October 1 through September 30)	AFSC (FMA) AFSC (REFM) ADFG	Mid-November	December 15
Western AK CDQ Program	Fiscal Year (October 1 through September 30)	AFSC (FMA) ADFG OLE	Early October	November 1

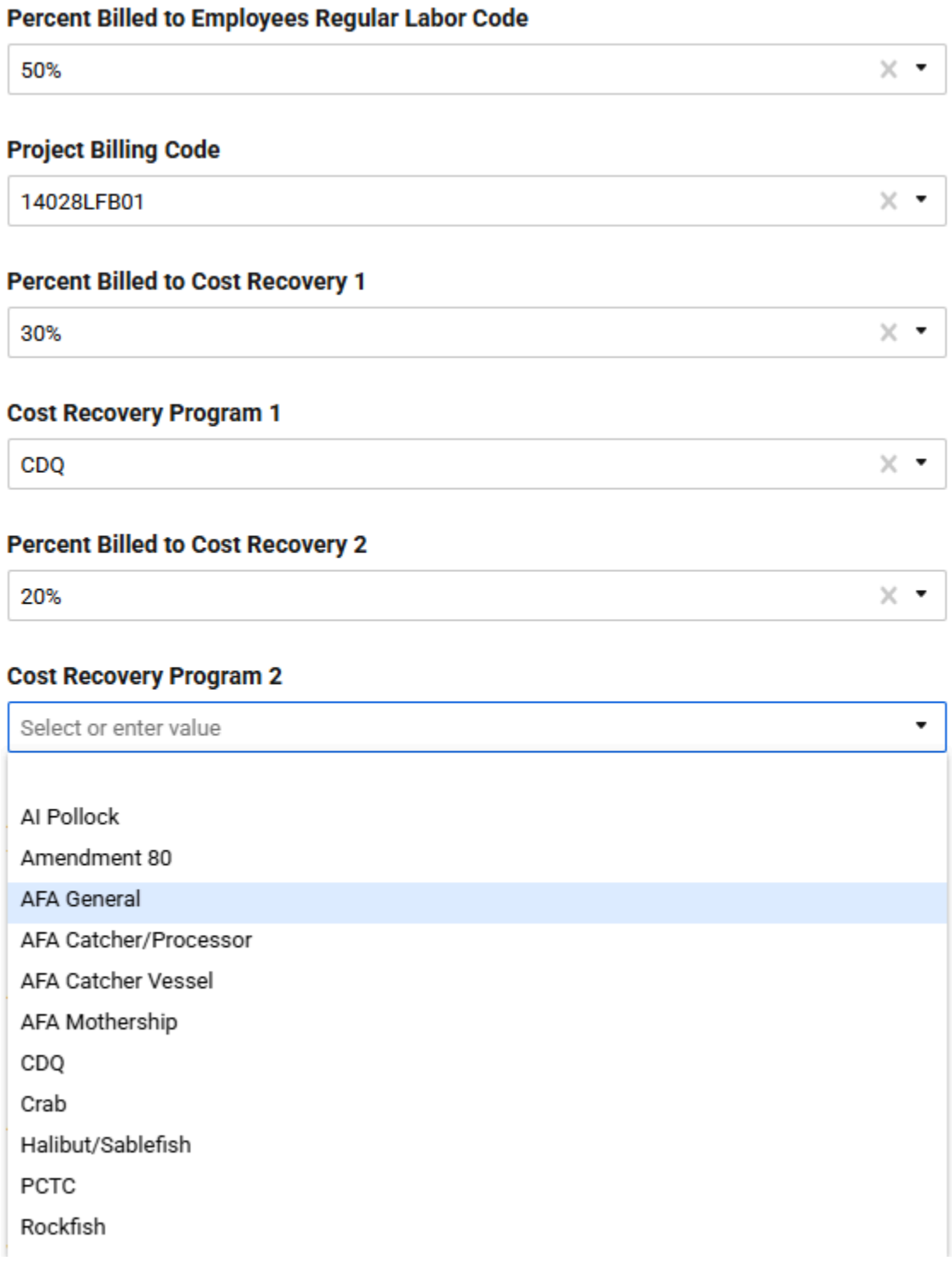
Figure 1. Sample NMFS Alaska Region timesheet showing cost recovery hours.



Transaction	Account	Sun 2/9	Mon 2/10
NOTE Changes to the established work schedule must be approved in			
Time In / Time Out	Start Time:		8:00
	End Time:		4:30
Work Time			
Regular Base Pay	Regular		2.00
Regular Base Pay	AMENDMENT 80 (Cost Recovery)		2.00
Regular Base Pay	CDQ (Cost Recovery)		2.00
Regular Base Pay	AFA (Cost Recovery)		2.00
Regular Base Pay	Regular		
Regular Base Pay			
Regular Base Pay			
Regular Base Pay			
Regular Base Pay			
Regular Base Pay			
Regular Base Pay			
Regular Base Pay			
Regular Base Pay			
Regular Base Pay			
		00	8.00
Time In / Time Out			

Regular
AFA (Cost Recovery)
AFA CATCHER PROCESSOR (Cost Recovery)
AFA CATCHER VESSEL (Cost Recovery)
AFA MOTHERSHIP (Cost Recovery)
AI POLLOCK (Cost Recovery)
AMENDMENT 80 (Cost Recovery)
CDQ (Cost Recovery)
CRAB (Cost Recovery)
HALIBUT/SABLEFISH (Cost Recovery)
PCTC (Cost Recovery)
ROCKFISH (Cost Recovery)

Figure 2. Sample NMFS Alaska Region travel request form showing where to record percentages of travel to be billed to cost recovery programs. If additional codes need to be used it can be addressed in the "Traveler Notes/Comments" box.



Cost Recovery Statement of Assurance

Name of Program:

All costs submitted for reimbursement must meet the following two part eligibility test:

1. Costs are directly related to and in support of: fishery management, data collection and analyses, or enforcement.
2. Costs are incremental operating costs only, i.e. those costs that would not have been incurred but for the Limited Access Privilege (LAP) program. Incremental costs are based solely on the “with or without” test that compares the cost of managing the specified fishery without the LAP relative to the cost of managing the fishery under the LAP. Management costs arising after the establishment of a LAP are insufficient to establish eligibility (i.e. a “before and after” test).

Explain how your organization determines what is or is not an incremental cost.

Describe how your organization is minimizing their costs for the regulated public and describe any cost savings.

Record costs that satisfy the above two part eligibility test at the transaction-level, or use a preidentified and acceptable accounting methodology, and report rolled up costs into the categories in the table below. *For Travel, Rent and Utilities, provide detailed explanations and how they are incremental costs. *Attach additional documents if more space is needed.*

Cost Category	Cost $	Explain what the costs are for and how the costs are incremental
Personnel		
Benefits		
Overhead (if applicable)		
Travel*		
Transportation		
Printing		
Contracts		
Training		
Supplies		
Equipment		
Rent/Utilities*		
Other		
Total Reimbursable Amount Requested	0	

Personnel: Describe specific tasks completed by the type of position and how they are incremental costs. **Attach additional documents if more space is needed**

Type of position and location	Number of Personnel (FTE Equivalent)	Number of Hours	Description of tasks and how the tasks are incremental
Total	0	0	

I have reviewed the costs my organization submits to the National Marine Fisheries Service for this LAP cost recovery program. I verify that all costs meet the two part eligibility criteria and are supported by my organization's accounting records.

Name (Printed) _____

Signature _____

Date _____

Position Title _____

Contact Phone Number _____

Organization _____

Council Motion 1
D1 NMFS Annual Cost Recovery Report and Discussion Paper
April 6, 2025

The Council requests that the National Marine Fisheries Service (NMFS) further evaluate options for the cost recovery changes proposed in the discussion paper and look forward to NMFS initiating such a package for Council consideration in the future.

The Council recommends that NMFS and NOAA Office of Law Enforcement (OLE) cease charging travel, rent, lease, and utility costs that are not incremental costs associated with a LAPP. Further, the Council recommends NOAA OLE charge cost recovery programs only for investigations that are specifically required for enforcement of a limited access privilege program (LAPP) or community development quota (CDQ) Program compared to general investigations. These actions should occur immediately and are consistent with existing NOAA Policy Directives.

Further, the Council recommends that NMFS & NOAA OLE provide the following in future annual cost recovery reports:

- Provide additional guidance to entities tracking incremental costs under Cost Recovery programs on how costs should be tracked using “but/for” policies and procedures and share a copy in the report.
- Develop and share a clear policy that emphasizes minimizing costs for the regulated public.
- Document efforts to minimize costs and describe cost savings in all cost recovery programs.
- Provide greater clarity on how NMFS is able to administer cost recovery programs outside of Alaska with lower overall costs.
- Describe personnel costs by specific offices, categories, tasks, and hours similar to NMFS West Coast Region.
- List recent regulatory projects (2021-present) that met the criteria to use cost recovery fees.
- Describe the types of violations and enforcement actions requiring the imposition of cost recovery fees from 2021- present.
- Detail why compliance assistance is a recoverable cost when compliance assistance has been a long-standing feature of NOAA OLE activities.
- Provide additional data on NOAA OLE incremental costs under all cost recovery programs including: number of investigations (including a breakout of what portion of that investigation is LAPP related) and number of staff.

7 Appendix B. Cost Recovery Memorandum

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, AK 99802-1668

May 1, 2025

MEMORANDUM FOR: Organizations submitting incremental costs under cost recovery

FROM: Jonathan M. Kurland
Regional Administrator

SUBJECT: 2025 Cost recovery process improvements

I am informing you of improvements to the 2025 cost recovery processes and notifying you of expectations for more information when submitting incremental costs in order to address North Pacific Fishery Management Council (Council) recommendations to ensure costs are minimized and to improve future cost recovery reports.

In February, 2024, the Council received a consolidated letter from industry groups asking for more transparency in cost recovery processes and the methods for determining incremental costs. We held meetings with Limited Access Privilege (LAP) and Community Development Quota (CDQ) program participants throughout 2024 and presented at the April 2025 Council meeting a consolidated 2024 Cost Recovery Report. The consolidated cost recovery report improved transparency in cost recovery processes and the Council made several recommendations for additional improvements to the cost recovery process.

The Council requested that NMFS Alaska Region provide additional guidance to partners that track and submit incremental costs under cost recovery. Incremental costs refer only to the costs that are incurred because a LAP program or the CDQ Program has been implemented. We've enclosed the NMFS Alaska Region's updated internal guidance for tracking incremental costs under cost recovery. This guidance is based on NOAA's established policy guidance to define the methods for determining costs and implementing cost recovery fee programs for LAP programs (November 2007, NOAA Technical Memorandum NMFS-F/SPO-86), further clarified in the NMFS Catch Share Policy (January 2017). We updated this guidance based on the Council's April 2025 motion (enclosed). Please read these documents and develop internal guidance for staff within your own organization to ensure that incremental costs your organization claims are compliant with cost recovery policies. As part of this process, each organization claiming cost recovery funds will have additional annual reporting responsibilities.

The Council motion and the updated NMFS Alaska Region guidance emphasize minimizing costs for the regulated public. Each organization claiming cost recovery funds is responsible for documenting efforts to minimize costs and describing cost savings for each cost recovery program and submitting this information to the NMFS Alaska Region for our annual reporting to the Council and public.

The largest incremental cost category is personnel. To meet the need for increased transparency and based on Council recommendations, we request that you describe personnel costs, including number of personnel, hours worked, and descriptions of LAP program specific tasks completed as an incremental cost. If you use a calculation to estimate staff time, please provide how you determine these costs and the annual review processes you do to ensure these costs are incremental (i.e., directly attributable to the advent of the LAP or CDQ program).

The Council also recommended that NMFS cease charging travel, rent, lease, and utility costs that are not incremental costs associated with a LAP program. For enhanced transparency, if you request incremental costs in these categories, please provide detailed descriptions of the costs and why they comply with NMFS policies on cost recovery.

Please submit this additional written information with your Cost Recovery Statement of Assurance form by the date identified for each cost recovery program listed in Table 5 the NMFS Alaska Region guidance. We will review the information you submit to ensure the costs are incremental and efforts have been made to minimize costs. We will provide this information to the Council and public in the annual Cost Recovery Report.

In the coming weeks my staff will be in touch with your organization to schedule a time to review with you the cost recovery process and applicable guidelines, and to answer your questions about the heightened expectations for transparency and substantiating costs. If you have questions about this please contact Josh Keaton at josh.keaton@noaa.gov.

Enclosed:

- Alaska Region Guidance Document on Tracking Incremental Costs for Cost Recovery Fee Collection
- Council's April 2025 motion

8 Appendix C. Apportioning personnel and contracting costs for IT systems

As described in chapter 2 of this paper, development and maintenance of IT systems is extremely important for implementation of LAPPs and the CDQ Program. These IT systems are necessary to compute and allocate quota, issue permits, enable transfers, monitor catch and bycatch amounts in near real-time, track catch relative to allocations, and accomplish program specific functions (e.g. vessel replacements). Application development and maintenance of these systems is an incremental cost for cost recovery and the work is accomplished by NMFS staff and contractors.

NMFS determines the incremental cost of employees' time and contracting costs by using those costs directly attributable to data collection and management for the LAPPs and CDQ Program. Personnel and contracting costs are directly proportional to the amount of time an employee or contractor spends on a given LAPP and codes are used to track salaries and benefits and contracting costs (tracked in 15 minute increments). Some activities, like software development, support all the cost recovery programs as well as non-cost recovery programs. In these situations, the costs cannot be distinguished and tracked for specific programs so NMFS applies a standardized approach to account for the cost recovery expenses.

For example, a NMFS application programmer has spent 40 hours modifying the programming for eLandings, which is an application that is used to report landings for the Crab Rationalization, PCTC, CDQ, halibut and sablefish IFQ, Rockfish, and AFA Programs, but eLandings is also used to report landings that are not subject to cost recovery. Because the application is used for multiple fisheries, it is difficult for a staff person to accurately calculate how much time should be attributed to each cost recovery program and instead a formula is used. The formulas include weighting factors for the degree of complexity, amount of integrations, time sensitivity, etc for tasks, then calculating the portion of those tasks that can be attributed to each of the LAPPs. In this case, a programmer would keep track of their total time working on eLandings and NMFS would apply the percentages (see Table C-1 for an example) to determine how to allocate time among the cost recovery programs and non-cost recovery. The same approach is used for other IT systems (e.g. CAS, eFISH, etc) and each year the agency reviews and updates the percentages based on an assessment of the amount of effort attributable to each program.

Table C-1. The percentages used to apportion costs for eLandings application development and support among each of the LAPPs and CDQ Program as well as the percentage of costs that are not cost-recoverable.

elandings Support Cost Recovery Breakout	
A80	5%
AFA inshore (CV)	8%
CR	10%
IFQ	33%
RP	1%
CDQ	5%
PCTC	1%
AIP	0%*
Non-cost recovery	37%
TOTAL	100%

*There was no fishery for the AIP Program in 2025.

Integrated Fisheries Application

One of the recent application development efforts in AKR is the development of the IFA. This is a large-scale IT project to completely re-engineer our fisheries management business processes that support all catch share programs in Alaska. This project is streamlining AKR internal fisheries management processes, which cross multiple divisions. This is creating more efficient data processing workflows, including increasing efficiency of review and approval of permit/transfer applications and improving data quality and providing robust, accurate reports. These improvements will increase customer service to the fishing industry and public. Additionally, the IFA is expected to facilitate easier implementation of future Council actions, and may accommodate new management tools.

Why do we need IFA?

AKR has been implementing catch share programs over the past 30 years; over time, the existing systems were created as separate "silos" that are hard to maintain and challenging to ensure data accuracy. The legacy systems are 'end-of-life', no longer capable of adapting to modern technology and fisheries management, and need to be replaced. This technical debt in the existing fishery permitting infrastructure has created weaknesses in our permitting processes and IFQ accounting and represents a significant risk to NMFS and to each of the LAPP fisheries. In addition, AKR's aging on-site IT infrastructure is unreliable and this project will move to the Cloud to increase scalability and dependability.

Many of the processes that are needed for LAPPs and the CDQ Program have been managed manually in spreadsheets which is inefficient and prone to errors and inconsistency. Manual processes (including review and approval of fisheries permits & transfer applications) also facilitate mistakes that have to be detected and re-done. Paper applications with manual data entry are time consuming for industry and staff and don't provide validation against applicable rules/regulations.

What is the scope of the IFA?

- Modernizing infrastructure to move to the Cloud and off of NMFS's fragile on-site infrastructure
- Redesign of internal software applications (at a future step in the project, we will also provide external access to the system for fishery participants)
- Streamlining permit intake and processing of permit applications
- Transforming quota allocation, quota tracking and management, accounting for LAPPs (IFQ and catch share cooperative programs)
- Fee computation, cost recovery billing, tracking payments

What is the status of IFA and how does that impact Cost Recovery?

- This is a large-scale effort over multiple years and work is ongoing.
- Cost recovery fees from all the catch share programs are supporting some of the development of the base infrastructure of IFA. This covers aspects of the system like the Cloud servers and user authentication that are necessary for all users of the system.
- As NMFS incrementally builds program modules into the system, the agency tracks the costs associated with the development for each specific program. The priorities for IFA are determined by the IFA management team that prioritizes development. In 2025, IFA team focused on development of permit fee collection modules supporting A80, AFA, Rockfish, and Crab. IFA team is also focused on meeting Agency directives to migrate to the cloud that affects all cost recovery programs. In 2026, focus is shifting towards IFQ design and development. As the IFA project moves on to IFQ then the majority of cost recovery charges will shift to those programs. The amounts of the IFA development billed to cost recovery is frequently evaluated by the IFA management team.

9 Appendix D. Discussion of OLE Costs to Maintain Remote Field Offices Versus Travel

In fiscal year 2025 and prior, NOAA's Office of Law Enforcement (OLE) has not billed staff travel to perform investigative work to any Cost Recovery Program, though they have authority to do so. Alaska is vast, with 66,000 miles of coastline, and 93 different ports spread across remote expanses. Our EEZ is 1,455,613 square miles, one third of the United States' 4,383,000 square mile EEZ. Annually, approximately 60% of the United States' commercial catch by weight is landed by Alaskan fisheries. OLE maintains offices in three central locations: Juneau, Anchorage, and Kodiak. OLE in Alaska also has field offices in Dutch Harbor, Homer, Seward, Sitka, Ketchikan, and Petersburg, all of which, prior to FY 2025, billed varying percentages of rent/utilities to Cost Recovery programs. Due to the state's vast geographic spread and the remoteness of its ports, traveling to the remote ports from the three main offices would be very costly.

Questions regarding historical office locations cannot be viewed separately from budget and organizational realities. The fact that a facility existed prior to implementation of a LAPP does not mean it would necessarily remain operational today, absent the continued demands and workload from these programs. Alaska fisheries, enforcement priorities, operational demands, infrastructure needs, staffing models, and agency budgets have all significantly changed over time. The relevant consideration is whether current facility and operational costs are reasonably necessary to support the requirements associated with these programs now. In Alaska, the geographic scale and remoteness of ports require personnel and facilities to be strategically placed to carry out LAPP enforcement. Accordingly, facility costs are evaluated based on current operational necessity and program workload, not historical office existence. In FY25, OLE billed rent and utilities only to the Crab Rationalization program. This was because the Crab Rationalization program costs were signed in May of 2025, prior to the June Cost Recovery review. Though OLE intended to charge other programs, discussions between OLE and Region resulted in dropping rent and utility charges for other LAPP programs in FY25.

In FY 2025, OLE began the year with 26 sworn staff investigating cases, and ended with 21 OLE officers and agents. While imprecise, for this exercise, the number was roughly averaged to 23 sworn staff. They opened 2,257 incidents during the Fiscal Year; of those, 888 involved LAPP programs that are cost-recoverable (Table D-1). That means that sworn personnel on average opened 1.89 incidents per week. Of note, each incident may involve investigating a single or several potential violations for a vessel, processing facility, or business. Complex investigations involve more investigative work, time, and resources; due to complex regulations and individual and cooperative quota-based structures of LAPPs, incidents in these programs tend to take longer to investigate than a typical non-LAPP fishery investigation. In addition, this does not capture travel costs incurred in conducting at-sea or aerial patrols. Therefore the following tables represent a very conservative (i.e.: low) estimate of what actual travel costs would be, if we did not maintain our field offices, but traveled to them instead. Concerning LAPP cases for which OLE may bill cost recovery for staffing labor, rent/utilities/storage (patrol vessel and equipment), contracts, and could bill for travel expenses, the following table breaks down the number of incidents for each staffed remote port during FY25. Note that sworn staff do travel to remote ports during pulse operations throughout the year, and often conduct lengthy at-sea patrols outside of their home ports.

Table D-1. Number of FY25 Incidents by port and Cost Recovery Program.

Port	IFQ Hal and Sab	IFQ Crab	A80	AFA	CDQ	PCTC	RPP	Sum
Anchorage (excluded from table D-3)	1		2	16	1	1		**20**
Juneau (excluded from table D-3)	100		2					**102**
Kodiak (excluded from table D-3)	98	13	41	84	16	3	29	**284**
Dutch Harbor	42	16	24	23	7	2		**114**
Ketchikan	35		3	7	1		1	**47**
Sitka	54			11	1			**66**
Petersburg	32		4	13			1	**50**
Homer	111	1	11	4	3	3		**133**
Seward	66			5	1			**72**
Sum	**340**	**17**	**42**	**63**	**13**	**5**	**2**	**888**

In order to predict estimated costs to continue to provide law enforcement services for Alaska's federally managed fisheries, while NOT maintaining offices at the above remote ports, we examine costs to travel to each port from the main offices in Juneau, Anchorage, and Kodiak. Travel to Homer and Seward are calculated based on vehicular travel;[4] costs between other ports incorporate airfare. One week of travel for one sworn personnel is used. Personnel labor and benefits are excluded from the calculation as they are paid and not dependent on location. Airfare costs are based on government refundable ticket costs. The GSA's per diem rates are used to calculate the weekly per diem cost by port.

[4] GSA per mile charges for vehicles and travel reimbursement rate per mile. Excludes vehicle monthly rent and fuel costs.

Table D-2. GSA Per Diem Meal and Incidental Expenses rates in 2025 for fishing ports in Alaska.

Locality	Maximum Lodging	Local Meals	Proportional Meals	Local Incidental	Maximum Per Diem	Per diem 1 week[5]
DUTCH HARBOR	230	103	61	26	359	$2333.50
HOMER	274	99	59	25	398	$2587
KETCHIKAN	275	95	57	23	393	$2554.50
PETERSBURG	230	86	52	22	338	$2197
SEWARD	284	131	75	33	448	$2912
SITKA	274	93	56	23	390	$2535

Airfare costs (round trip)[6]
Kodiak > Anchorage = $606
Anchorage > Dutch Harbor = $2078
Juneau > Anchorage = $549
Juneau > Sitka = $360
Juneau > Ketchikan = $454
Juneau > Petersburg = $382
If OLE billed for travel to remote ports instead of maintaining the facilities, the estimated billable costs, based on the number of incidents opened for each LAPP program in each port, are shown in Table D-3.

[5] Travel days equal 0.75x daily per diem.
[6] Estimated.

Table D-3. Estimated billable travel costs, by number of incidents opened for each CR program in each port, if OLE billed for travel to remote ports instead of maintaining facilities and paying for rent in each port.

Port	Estimated Billable cost factors	IFQ Hal and Sab	IFQ Crab	A80	AFA	CDQ	PCTC
Dutch Harbor	Number of Incidents	42	16	24	23	7	2
	Personnel investigation weeks: divide by 1.887124 (incidents per week)	22.256089	8.47851	12.71777	12.18786	3.709348	1.059814
	Multiple of flight plus per diem ($4411.5 est.)	$98,183	$37,403	$56,104	$53,767	$16,364	$4,675
Ketchikan	Number of Incidents	35		3	7	1	
	Personnel investigation weeks: divide by 1.887124 (incidents per week)	18.546741		1.589721	3.709348	0.529907	
	Multiple of flight plus per diem ($3008.5 est.)	$55,798		$4,783	$11,160	$1,594	
Sitka	Number of Incidents	54			11	1	
	Personnel investigation weeks: divide by 1.887124 (incidents per week)	28.614972			5.828976	0.529907	
	Multiple of flight plus per diem ($2895 est.)	$82,840			$16,875	$1,534	
Petersburg	Number of Incidents	32		4	13		
	Personnel investigation weeks: divide by 1.887124 (incidents per week)	16.95702		2.119628	6.88879		
	Multiple of flight plus per diem ($2579 est.)	$43,732		$5,467	$17,766		
Homer (mileage from Anchorage)	Number of Incidents	111	1	11	4	3	3
	Personnel investigation weeks: divide by 1.887124 (incidents per week)	58.819664	0.529907	5.828976	2.119628	1.589721	1.589721
	Multiple of vehicle cost plus per diem ($2715.84 est.)	$159,745	$1,439	$15,831	$5,757	$4,317	$4,317
Seward (mileage from Anchorage)	Number of Incidents	66			5	1	
	Personnel investigation weeks: divide by 1.887124 (incidents per week)	34.973854			2.649534	0.529907	
	Multiple of vehicle cost plus per diem ($2986.16 est.)	$104,438			$7,912	$1,582	
Sum costs		**$544,734**	**$38,842**	**$82,184**	**$113,236**	**$25,392**	**$8,993**

Note that travel costs to Dutch Harbor are only calculated from Anchorage, Alaska; although OLE often fly personnel from Kodiak, and, to a lesser degree, other field offices as well. These cost breakdowns illustrate that the rent and utility facility charges benefit industry by maintaining staffed offices in geographically dispersed remote ports that require high resource/staffing allocation to monitor and enforce the largest fisheries in the nation.

- OLE charged IFQ Halibut and Sablefish $150,095 for rent and utilities in FY24 and $0 in FY25. This represents a conservative savings of $544,734 versus the estimated travel costs.
- OLE charged IFQ Crab $18,822 in 2025 and $26,125 in FY25. Though a year-over-year increase, this nevertheless represents significant savings versus the conservative estimated travel cost in FY25 of $38,842.
- A80 was charged $60,712 for rent/utilities by OLE in FY24; this charge was reduced to $0 in FY25, saving a conservative $82,184.
- OLE charged $8,418 rent/utilities to the AFA inshore sector in both FY24 (which was subject to the same double reduction mentioned in Section 5.3) and $0 in FY25, which represents a conservative annual savings of $113,236 for the program.
- OLE billed CDQ $13,042 for rent/utilities in FY24, and $0 in FY25. The latter represents a conservative savings of $25,392.
- OLE did not bill PCTC for rent/utilities in FY24 or FY25, which represents a conservative savings of $8,993 for the program in FY25.
- OLE has not billed any enforcement costs to the Rockfish Program, as other divisions and agencies' billed costs have been limited by the MSA statutory three-percent cap of the ex-vessel value of the fishery in all Program years starting in FY23.

10 Appendix E. OLE Memorandum on AFA, A80 and CDQ costs

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
Office of Law Enforcement
Alaska Enforcement Division
P.O. Box 21767, Juneau, AK 99802-1767

DATE: November 19, 2025

MEMORANDUM FOR: Jon Kurland, Regional Administrator

FROM: Benjamin Cheeseman, Assistant Director CHEESEMAN.BENJAMIN.SUNGMAN.1139469441 Digitally signed by CHEESEMAN.BENJAMIN.SUNGMAN.1139469441 Date: 2025.11.20 15:16:53 -09'00'

SUBJECT: Incremental Enforcement Costs for LAPP and CDQ Programs

Purpose

The purpose of this memorandum is to establish a clear justification for pursuing cost recovery expenses associated with Limited Access Privilege Programs (LAPPs), including Amendment 80 (A80), the American Fisheries Act (AFA), and the Community Development Quota (CDQ) Program. This effort is intended to ensure that all actions align with the cost recovery requirements and policy direction outlined in the 2015 Final Regulatory Impact Review, while maintaining full compliance with applicable statutory and regulatory guidelines. Additionally, NOAA Fisheries OLE is implementing protocols outlined in "NMFS Alaska Region Guidance: Tracking Incremental Costs for Cost Recovery Fee Collection" (May 2025) to support accurate and transparent tracking throughout the Division.

2015: Final Regulatory Impact Review-
COST RECOVERY FEE PROGRAM FOR AMENDMENT 80, GROUNDFISH AND HALIBUT/SABLEFISH COMMUNITY DEVELOPMENT QUOTA, AND AMERICAN FISHERIES ACT AND ALEUTIAN ISLANDS POLLOCK PROGRAMS (November 2015)

> The costs of employees' time spent working on the LAP programs and CDQ programs are the incremental costs of those employees' time. In other words, it is the cost of employees' time that would not have been incurred but for the implementation of that program. The lack of available data makes it impractical to use the NOAA Catch Share Policy guidance of a "with and without" implementation approach to determine those incremental costs. Before these programs were implemented (for most programs several years have passed), employees' time was not tracked and coded in their time card for work by LAP/CDQ program (or in the case of AFA within the catcher/processor, mothership, or inshore component). Therefore, it is not feasible to get an estimate of the cost of employees' time "without" implementation of the programs. The use of "with and without" data also requires understanding additional factors that are difficult to track. Costs associated with various management measures often change because of the priority placed on that issue at that time, which may be extraneous to management actions. For example, enforcement may need to alter coverage in a LAP program fishery because of actions of other vessels in other fisheries. The need for resources in the LAP program did not change, but other fisheries received a higher priority.

"NMFS Alaska Region Guidance: Tracking Incremental Costs for Cost Recovery Fee Collection":

> The largest incremental cost category is personnel. Track personnel costs by a number of personnel, hours worked, and descriptions of LAP program specific tasks completed as an incremental cost. **Staff with job duties that are considered incremental costs and involve multiple cost recovery programs such as eLandings can seek alternative calculation through an annually approved equation by the supervisor and OMD**. If you use a calculation to estimate staff time, please provide how you determine these costs and the annual review processes you do to ensure these costs are incremental (i.e., directly attributable to the advent of the LAP or CDQ program).

Due to the complex nature of enforcement, OLE has made use of an annually approved, retroactively calculated process to account for labor. OLE has also historically billed for facilities, which remains an approved recoverable cost (p.4). However; at this time it has been determined that OLE will not charge for Rent/Utilities.

> Categories of incremental costs that may be eligible for cost recovery include, but are not limited to, the following: 1. **Labor** (Salary/Benefits); 2. Travel; 3. Training: 4. Purchases – services/equipment/supplies/software; 5. Transportation; 6. **Rent/utilities** [emphasis added]**;** 7. Printing

1. Overview: NMFS Incremental Cost Requirement

NMFS cost-recovery policy states that only **incremental costs**, those that would *not* have been incurred **"but for the existence of the LAPP program"**, should be recovered. The Final Regulatory Impact Review (2015) described in Table 1-34 the tasks or activities (by Division) that could have a recoverable cost associated with them.

Enforcement incremental costs typically arise from:

- Additional monitoring
  - quotas for allowable catch, higher observer coverage resulting in more interactions for OLE
  - Enhanced VMS or EM requirements result in cases and inspections for Video retention requirements, for example.
- Increased complexity of quota-based compliance
  - Verification of catch and available quotas
  - Prohibited Species Catch (PSC) limits
  - Sideboards
- Cooperative oversight of the USCG and State, who work on programs under NOAA Fisheries OLE authority, and the cases referred.
- LAPP-specific outreach, education, and compliance assistance
- LAPP-driven patrol, boarding, and case activity
- Seasons extended drastically, requiring near year-round enforcement (incrementally greater and different from pre-LAPP Open Access and "derby" style fisheries)

These factors increase operational burdens beyond baseline non-LAPP fisheries.

This memorandum outlines how OLE's cost-recovery approach and tracking comply with this requirement while balancing operational realities and resource constraints.

2. Enforcement Personnel as the Primary Incremental Cost

Personnel constitute the largest and most direct incremental cost associated with LAPP enforcement because LAPP structures impose regulatory, monitoring, and investigative demands that exceed those of non-LAPP enforcement. Additionally, a substantial goal of LAPP-program implementation was (and remains) to "promote the safety of human life at sea." By mitigating the race for fish, seasons are extended, allowing fishermen to remain active for longer periods and avoid unsafe weather conditions. Longer seasons, in contrast to shorter "derby-style" fisheries, require a persistent enforcement presence that would not exist but for the LAPP.

Personnel Involved
LAPP-related enforcement involves:

- Enforcement Officers (EOs)
- Special Agents (SAs)
- Supervisory agents (ASAC/DSAC)
- Analysts and intelligence personnel
- VMS monitoring staff
    - Example: Monitoring vessels with specific gear types and prohibited areas

These personnel perform tasks directly linked to LAPP requirements, including monitoring, patrol, case development, and vessel or cooperative activity verification.

3. Incremental Enforcement Activities for A80, AFA, and CDQ Programs

Although personnel hours are not tracked by fifteen minute intervals for each task, the type of work that now requires significant staff time would not exist but for the implementation of the LAPPs. Prior to LAPPs, any basic enforcement activities, such as boardings for these fisheries, occurred only intermittently and over short durations.

Amendment 80 (A80) Incremental Enforcement Tasks

- Monitoring cooperative allocations, set annually in regulation, and Prohibited Species Catch (PSC) limits for potential overage issues
- Reviewing catch accounting and retention requirements
- Boardings targeting Amendment 80 vessels and processing vessels
- Observer requirement verifications from scales to personnel interactions specific to A80
- Case development for A80 or cooperative violations

American Fisheries Act (AFA) Incremental Enforcement Tasks

- Monitoring AFA cooperative quotas and sideboard limits
- Verifying salmon bycatch caps
- Ownership/affiliation restrictions enforcement
- Vessel monitoring during AFA exclusive fishing periods
- Casework arising from AFA-specific regulatory frameworks

Community Development Quota (CDQ) Program Incremental Enforcement Tasks

- Verification of CDQ eligible vessels and CDQ permit use
- Tracking CDQ allocations and transfers
- CDQ catch attribution during boardings
- CDQ-specific PSC and retention monitoring
- Investigations stemming from CDQ harvest discrepancies

4. How OLE Estimates Personnel Time

NOAA Fisheries OLE uses a structured, annually approved method described in the NMFS Alaska Region Guidance document (2025) to determine incremental hours.

A. Activity-Based Workload Indicators

OLE tracks:

- Number of Operations during seasons (Operational approval process)
- Hours connected to (A80, AFA, CDQ) boardings (NEIS Incident numbers)
- Hours connected to LAPP-related patrols (NEIS Incident numbers)
- Case referrals, interviews, affidavits, and enforcement reviews tied to LAPP fisheries. (NEIS Incident numbers)

These outputs serve as validated workload indicators for approximating personnel time.

B. Staff Workload Estimates

Supervisors and personnel review the tracking mechanisms to provide estimates for:

- Typical hours per patrol spent on LAPP
- Hours spent on LAPP related boardings
- Case time for A80/AFA/CDQ matters
- Seasonal surge periods requiring reallocation of officers to alternate work sites
- Required follow-up (affidavits, interviews, case packages, etc.)

These estimates are applied to personnel based on activities and fisheries in their respective AORs and are updated annually through our SOP.

C. Program-Driven Deployment

Patrol schedules, staffing coverage, and operational priorities are based on:

- AFA Pollock seasons
- Amendment 80 groundfish seasons
- CDQ harvest periods

This scheduling structure itself demonstrates incremental personnel commitment to these programs.

5. Annual Review Process for Ensuring Costs are Incremental

Each year, OLE performs at least two internal audits involving:

A. Divisional Review of LAPP Enforcement Workload

- Review of previous-year LAPP cases
- Number of LAPP boardings
- Seasonal patrol comparisons
- Seasonal Operations
- Time spent on follow-up investigations

B. Supervisor Review and Validation. Supervisors validate whether:

- Estimated hours reflect actual operational patterns
- Personnel time aligns with seasonal and cooperative activity
- Any new compliance patterns require adjustment

C. Program Adjustment. Hours and cost estimates are adjusted based on:

- Changes in regulations
- New cooperative structures
- Shifts in vessel behavior
- Resource availability

These biannual recalibrations ensure that personnel hours remain an accurate measure of incremental impact.

6. Why Hours Are Not Tracked at fifteen minute intervals

NMFS guidance requires reasonable and supportable estimates, not minute-by-minute precision. Per the 2025 Alaska Region Guidance: Tracking Incremental Costs for Cost Recovery Fee Collection:

> "Staff with job duties that are considered incremental costs and involve multiple cost recovery programs such as eLandings can seek alternative calculation through an annually approved equation by the supervisor and OMD. If you use a calculation to estimate staff time, please provide how you determine these costs and the annual review processes you do to ensure these costs are incremental (i.e., directly attributable to the advent of the LAP or CDQ program)."

Enforcement operates in fluid, unpredictable conditions:

- A patrol can evolve into a boarding, which becomes a case, which becomes months of investigative follow-up.
- Officers must respond across multiple overlapping LAPP and non-LAPP regulatory frameworks.
- Breaking out hours with fine granularity would impose a significant administrative burden and reduce mission effectiveness.

Thus, the aggregate tracking approach is operationally necessary, legally defensible, and Federal accounting standards explicitly allow reasonable allocation methods when precise measurement is impossible or counterproductive.

7. Non-Personnel Costs: Transparency and Compliance with Council Direction

The Council recommended discontinuing non-incremental travel, rent, and utility charges.

A. OLE Building Costs.
Appendix B to the 2024 Cost Recovery Report for Alaska included a detailed analysis of why we charged proportionally for facilities in the past, rather than charging for travel of enforcement personnel to enforce LAPP programs out of remote ports, which acts as a cost-saving measure for industry. Maintaining those facilities and staffing them would not be required but for the requirement to monitor and enforce the LAPP fisheries in those areas. Though we have billed for OLE Building costs in the past, OLE has decided to follow the recommendation outlined in the "NMFS Alaska Region Guidance: Tracking Incremental Costs for Cost Recovery Fee Collection" document and remove rent/utilites from this year's Cost Recovery submissions.

B. OLE Does Not Currently Charge Travel as Incremental.
Although enforcement travel can be treated as incremental for specific investigations, OLE does not currently include travel costs in its LAPP cost recovery.

C. OLE Does Not Charge for Equipment or Specialized Gear.
This includes:

- Patrol equipment
- Communication gear
- Monitoring tools
- Boarding equipment

These costs are absorbed as general operational overhead, not billed to LAPP participants.

C. OLE Charges for Personnel and Semi-Fixed Costs

This includes:

- Personnel salary and benefits
- Maintenance and operational support

These semi-fixed costs are allocated proportionally based on personnel time, but not inflated or expanded with additional overhead categories. Though many of our offices and resources were not necessary prior to implementing these programs and could be handled through short duration operations we are forgoing OLE Building costs at this time. Thus, the percentage charges are incremental and permitted under the new guidance.

This approach of charging accurate cost percentages is more conservative, ensures transparency, and minimizes the burden on industry.

8. Compliance Summary

In summary, NOAA OLE's approach to LAPP incremental cost recovery meets all policy and Council requirements:

- Personnel work is directly tied to LAPP-driven enforcement tasks.

- Activity-based indicators and staff estimates accurately approximate incremental workload**.**
- Annual reviews ensure hours remain tied to actual incremental workloads.
- Travel, equipment, rent/utilities, and non-incremental overhead are not charged, despite being allowable in some circumstances.

9. Conclusion

NOAA Fisheries OLE's cost recovery method is operationally realistic, fiscally conservative, and fully aligned with NMFS incremental cost policies. While we acknowledge that time reporting is not tracked at the granular level some stakeholders prefer, the estimation methodology, annual review, and strict limitation to personnel and semi-fixed costs provide a defensible and transparent foundation for cost recovery.

OLE remains committed to collaboration with NMFS and the Council to continue refining methods that balance transparency, accountability, operational flexibility, regulatory fairness, and practicability.

11 Appendix F. Incremental Enforcement Costs for IFQ Program

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
Office of Law Enforcement

DATE: December 04, 2025

MEMORANDUM FOR: Jon Kurland, Regional Administrator

FROM: Benjamin Cheeseman, AD CHEESEMAN.BENJAMIN.SUNGMAN.1139469441 Digitally signed by CHEESEMAN.BENJAMIN.SUNGMAN.1139469441 Date: 2025.12.05 09:41:49 -09'00'

SUBJECT: Incremental Enforcement Costs for IFQ Program

Purpose

The purpose of this memorandum is to establish a clear justification for pursuing cost recovery expenses associated with Limited Access Privilege Programs (LAPPs), specifically the Halibut and Sablefish Individual Fishing Quota (IFQ) program. This effort is intended to ensure that all actions align with the cost recovery requirements and policy direction outlined in the National Oceanic and Atmospheric Administration (NOAA). 2010. NOAA Catch Share Policy. U.S. Department of Commerce, Silver Spring, MD., while maintaining full compliance with applicable statutory and regulatory guidelines. Additionally, NOAA Fisheries OLE is implementing protocols outlined in "NMFS Alaska Region Guidance: Tracking Incremental Costs for Cost Recovery Fee Collection" (May 2025) to support accurate and transparent tracking throughout the Division.

NOAA Catch Share Policy (2010, revised 2017):

> Cost Recovery: It is NOAA policy to compute and recover from participants only the incremental operating costs associated with LAPPs. Cost recovery aims to recover a variety of government costs attributable to the private sector use of a public resource. Section 303A(e) of the MSA requires cost recovery of the management, data collection and analysis and enforcement programs that are directly related to and in support of LAP programs. The relevant costs to recover are the incremental costs, i.e., those costs that would not have been incurred but for the LAP program, since cost recovery is not authorized for non-LAP fisheries. Conceptually, measuring these costs involves a "with and without" comparison of the cost of running the management program for the specified fishery under the status quo non-LAP regime, relative to the cost of running the management program under the LAP program.

"NMFS Alaska Region Guidance: Tracking Incremental Costs for Cost Recovery Fee Collection":

> The largest incremental cost category is personnel. Track personnel costs by a number of personnel, hours worked, and descriptions of LAP program specific tasks completed as an incremental cost. **Staff with job duties that are considered incremental costs and involve multiple cost recovery programs, such as eLandings, can seek**

> **alternative calculation through an annually approved equation by the supervisor and OMD**. If you use a calculation to estimate staff time, please provide how you determine these costs and the annual review processes you do to ensure these costs are incremental (i.e., directly attributable to the advent of the LAP or CDQ program).

Due to the complex nature of enforcement, OLE has made use of an annually approved, retroactively calculated process to account for labor. OLE has also historically billed for facilities, which remain an approved recoverable cost (p. 4). However, at this time, it has been determined that OLE will not charge for Rent/Utilities.

> Categories of incremental costs that may be eligible for cost recovery include, but are not limited to, the following: 1. **Labor** (Salary/Benefits); 2. Travel; 3. Training: 4. Purchases – services/equipment/supplies/software; 5. Transportation; 6. **Rent/utilities;** 7. Printing

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- Additional monitoring
  - Prior Notice of Landings, resulting in audits of offloads when resources are available.
  - Increased VMS monitoring.
- Increased complexity of quota-based compliance
  - Cross-referencing landing reports, permit holders, hired masters, and more.
- Cooperative oversight of the USCG and State, who work on programs under NOAA Fisheries OLE authority, and the cases referred.
- LAPP-specific outreach, education, and compliance assistance
- LAPP-driven patrol, boarding, and case activity
- Seasons extended drastically, requiring near year-round enforcement (incrementally greater and different from pre-LAPP Open Access and "derby" style fisheries)

These factors increase operational burdens beyond baseline non-LAPP fisheries. This memorandum outlines how OLE's cost-recovery approach and tracking comply with this requirement while balancing operational realities and resource constraints.

2. Enforcement Personnel as the Primary Incremental Cost

Personnel constitute the largest and most direct incremental cost associated with LAPP enforcement because LAPP structures impose regulatory, monitoring, and investigative demands that exceed those of non-LAPP enforcement. Additionally, a substantial goal of LAPP-program implementation was (and remains) to "promote the safety of human life at sea."

By mitigating the race for fish, seasons are extended, allowing fishermen to remain active for longer periods and avoid unsafe weather conditions. Longer seasons, in contrast to shorter "derby-style" fisheries, require a persistent enforcement presence that would not exist but for the LAPP.

Personnel Involved
LAPP-related enforcement involves:

- Enforcement Officers (EOs)
- Special Agents (SAs)
- Supervisory agents (ASAC/DSAC)
- Analysts and intelligence personnel
- VMS monitoring staff

These personnel perform tasks directly linked to LAPP requirements, including monitoring, patrolling, case development, and verifying vessel activity.

3. Incremental Enforcement Activities for the Halibut and Sablefish IFQ Program

Although personnel hours are not tracked by fifteen-minute intervals for each task, the type of work that now requires significant staff time would not exist but for the implementation of the LAPPs. Prior to LAPPs, any basic enforcement activities, such as boardings for these fisheries, occurred only intermittently and over short durations. These incremental enforcement tasks include:

- Tracking IFQ allocations and transfers to determine cases and verify changes.
- Verification of IFQ class eligible vessels and permit use.
- Monitoring landings and tracking any fish retained
- Investigations and casework arising specifically from IFQ regulatory frameworks and harvest discrepancies.

4. How OLE Estimates Personnel Time

NOAA Fisheries OLE uses a structured, annually approved method described in the NMFS Alaska Region Guidance document (2025) to determine incremental hours.

A. Activity-Based Workload Indicators

OLE tracks:

- Number of Operations during seasons (Operational approval process)
- Hours connected to IFQ boardings (NEIS Incident numbers)
- Hours connected to IFQ-related patrols (NEIS Incident numbers)
- Case referrals, interviews, affidavits, and enforcement reviews tied to LAPP fisheries. (NEIS Incident numbers)

These outputs serve as validated workload indicators for approximating personnel time.

B. Staff Workload Estimates

Supervisors and personnel review the tracking mechanisms to provide estimates for:

- Typical hours per patrol spent on IFQ
- Hours spent on IFQ-related boardings
- Case time for IFQ matters
- Seasonal surge periods requiring reallocation of officers to alternate work sites
- Required follow-up (affidavits, interviews, case packages, etc.)

These estimates are applied to personnel based on activities and fisheries in their respective AORs and are updated annually through our SOP.

C. Program-Driven Deployment

Patrol schedules, staffing coverage, and operational priorities are based on:

IFQ halibut and sablefish seasonsThis scheduling structure itself demonstrates incremental personnel commitment to these programs.

5. Annual Review Process for Ensuring Costs are Incremental

Each year, OLE performs at least two internal audits involving:

A. Divisional Review of LAPP Enforcement Workload

- Review of previous-year LAPP cases
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- Seasonal patrol comparisons
- Seasonal Operations
- Time spent on follow-up investigations

B. Supervisor Review and Validation. Supervisors validate whether:

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C. OLE Does Not Charge for Equipment or Specialized Gear.
This includes:

- Patrol equipment
- Communication gear
- Monitoring tools
- Boarding equipment

These costs are absorbed as general operational overhead, not billed to LAPP participants.

D. OLE Charges for Personnel and Semi-Fixed Costs
This includes:

- Personnel salary and benefits
- Maintenance and operational support
- Percentage of building costs to maintain OLE presence in IFQ communities.

These semi-fixed costs are allocated proportionally based on personnel time, but not inflated or expanded with additional overhead categories. Many of our offices and resources were not necessary prior to implementing these programs and could be handled through short duration operations. Thus, the percentage charges are incremental and permitted.

8. Compliance Summary

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