



PREPARED FOR:  
YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION

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# COMMUNITY DEVELOPMENT QUOTA PROGRAM

## 2022 DECENNIAL REVIEW REPORT:

### YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION

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#### INTRODUCTION

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The Magnuson-Stevens Fishery Conservation and Management Act of 2006 (hereafter Magnuson-Stevens Act) is the primary federal law governing marine fisheries management in the United States. Although originally enacted as the Fishery Conservation and Management Act of 1976 and amended multiple times through the decades, the original intent of the Magnuson-Stevens Act remains intact – to promote and protect the domestic fishing industry’s harvest of coastal fisheries. Woven throughout the Magnuson-Stevens Act are objectives related to fishery conservation, habitat protection, enforcement of international agreements, maintaining coastal community viability, and achieving optimum yield from each fishery. These objectives are achieved through the establishment of regional fishery management councils and the development of fishery management plans.

Of noteworthy importance for Alaska, the North Pacific Fishery Management Council (NPFMC) established the Western Alaska Community Development Quota (CDQ) Program in 1992, which was later incorporated into the Magnuson-Stevens Act in 1996. The CDQ Program was established to ensure that Bering Sea fisheries provide economic opportunity for Bering Sea and Aleutian Island communities. Prior to the passage of the CDQ Program, villages were unable to meaningfully participate in the large-scale commercial seafood industry for a variety of reasons including lack of industry infrastructure, limited workforce skills, and limited financial resources for investing in fishing enterprises. In short, the CDQ Program was established to fulfill the following objectives for 65 Western Alaska villages:

1. Provide opportunity to participate and invest in Bering Sea and Aleutian Island area fisheries;
2. Support economic development;
3. Alleviate poverty and provide economic and social benefits for residents; and
4. Achieve sustainable and diversified local economies.

Fulfilling CDQ Program objectives requires organizational capacity, human capital, and financial investment. The CDQ Program established six regional non-profit entities (hereafter CDQ groups), encompassing 65 villages on the Bering Sea coast, and provided exclusive allocations of harvestable fish stocks to each group, including pollock, crab, and halibut. Unlike many federal government programs which provide direct financial



support or social service assistance, the CDQ Program established regionally driven organizations, provided a high-value harvestable commodity, required local leadership, and directed proceeds to be used for the economic and social benefit of member villages. CDQ groups use fisheries-generated revenue to promote village economic opportunity by creating jobs, building infrastructure, providing social services, and encouraging workforce development through training and scholarships. For over 20 years, the CDQ Program has provided economic opportunity in some of the nation's most isolated and economically depressed villages.

The Magnuson-Stevens Act also requires a periodic review of CDQ groups to ensure they are fulfilling program objectives. Beginning in calendar year 2012 and recurring every ten years thereafter, the State of Alaska is charged with evaluating CDQ group performance. This decennial review includes an evaluation of longitudinal change across four Magnuson-Stevens Act criteria encompassing socioeconomic characteristics, financial performance, workforce development, and implementation of annual harvest plans. This report provides the State of Alaska's overall determination of performance of the Yukon Delta Fisheries Development Association (YDFDA) relative to the required criteria.

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## DECENNIAL REVIEW

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During August 2012, the State of Alaska adopted regulations, consistent with the Magnuson-Stevens Act, implementing the state's role in the decennial review. State regulations outline an evaluation process that places substantial burden on the CDQ group for self-evaluation and limits the criteria by which CDQ groups are evaluated. Specifically, CDQ groups are charged with using observable and specific data to measure performance across four primary criteria required by the Magnuson-Stevens Act. Furthermore, the Magnuson-Stevens Act requires each CDQ group weigh the criteria, for use by the State of Alaska during the evaluation process, in order to reach a final determination of overall organizational performance. To fulfill 2022 decennial review obligations, CDQ groups submitted decennial review reports summarizing performance across the four criteria between 2011 and 2020 and provided necessary reference materials to support findings, including financial statements, community development plans, and other supplemental materials.

The State of Alaska fulfilled its decennial review obligation via an interdisciplinary CDQ evaluation team comprised of four officials from the Departments of Fish and Game, Labor and Workforce and Development, and Commerce, Community, and Economic Development. Using CDQ group data, performance standards, relative weighting of criteria, and analysis, the state's role in evaluating CDQ group performance is limited to determining whether the entity:

1. Maintained or improved its overall performance with respect to the criteria; or
2. Has not maintained or improved its overall performance with respect to the criteria.



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## CRITERION ONE – SOCIOECONOMIC CONDITIONS

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### *Data Sources and Standards*

YDFDA provided data sources and standards used to evaluate performance regarding population, poverty, and economic development in its member villages. Data sources included: US Census Bureau’s decennial population census data, US Census Bureau’s American Community Survey poverty and income data, and employment, wage, and population data from the Alaska Department of Labor and Workforce Development. The standard used to measure performance in regard to improving member village socioeconomic conditions includes increasing or maintaining population while decreasing poverty and increasing income, wages, and employment.

#### Criterion One

- ✓ Changes during the preceding ten-year period in population, poverty level, and economic development in the entity’s member villages.

#### Weight

- ✓ 20 points

#### YDFDA Finding

- ✓ Improved

#### State of Alaska Determination

- ✓ Maintained or Improved

### *Evaluation*

YDFDA’s overall population goal was to increase or maintain total regional population. Despite a significant population decline reported for one community, Mountain Village, total regional population for the Yukon Delta area increased by a total of 77 residents (or 2.4%) in their six member communities from 2010 to 2020. It was noted that the population decline in Mountain Village of 194 people is an outlier and is suspected to be an error.

YDFDA’s goal in terms of poverty is a reduction in the total poverty rate. Data reported show a significant reduction in poverty rate in 5 out of 6 communities. Between 2011 and 2020, the percent of households below the federal poverty line declined by 35.4%.

To evaluate economic development, YDFDA considered median household income, per capita income, total wages, and total employment. A 14.2% decrease in median household income was seen from 2011 to 2020, from \$42,830 to \$36,742 on average. Per capita income remained stable, declining slightly in real dollar terms, from \$12,272 to \$12,196, but unchanged in percentage terms over the review period. Data showed that the unemployment rate in the region improved significantly. Between 2011 and 2020, the average unemployment rate decreased from 24.55% to 14.52%. This represents a nearly 41% decrease in unemployment. Total jobs decreased slightly from 1,489 to 1,414 over the time period reviewed, but wages saw a 14.5% increase, from \$23.3 million to \$26.7 million.

### *Determination*

Population and economic measurements appear to indicate that YDFDA has maintained or improved its performance relative to criterion one standards including increasing population, decreasing poverty, and improvements in economic development in terms of employment and wages.



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## CRITERION TWO – FINANCIAL PERFORMANCE

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### *Data Sources and Standards*

YDFDA provided data sources used to evaluate performance, articulated standards by which to measure performance, and described methods to reach a final determination. Data sources originate directly from YDFDA’s audited financial statements and are sufficient to determine overall financial performance, including fishery and non-fishery investments. Standards used to measure overall financial performance include longitudinal change in investments (i.e., fishery and non-fishery) and net assets including total net assets, change in net assets, return on net assets, and long-term debt to net assets ratio.

### *Evaluation*

One hundred percent of YDFDA’s investments made during the 2011 to 2020 review period are fisheries related. Over the review period, total investments varied by year ranging from \$244,000 (2011) to \$27 million (2014). On average, YDFDA invested \$11.7 million per year. YDFDA increased investments by nearly 50.33 percent compared to the previous review period.

Over the review period, YDFDA’s total net assets increased 33.54 percent, growing from \$73.9 million in 2011 to \$98.7 million in 2020. Change in net assets had a positive trend during the review period, increasing each year at an average rate of 4.7%. During 2020, YDFDA continued to fund its in-region programs at normal levels even though the COVID-19 pandemic shut down most villages and fish runs on the Yukon were poor. Despite this, YDFDA did not have any years of negative growth during the ten-year review period.

YDFDA maintained an average annual return on net assets of 4.5 percent, ranging from a low of 0.5 percent to a high of 15.8 during the review period. YDFDA had no negative returns on net assets, despite setbacks from COVID-19 and challenging market conditions. The organization remained debt free during the first three years of the review period. After determining that additional debt was needed to strategically grow the organization, in 2015 YDFDA carried \$13.3 million of long-term debt, or 15.4% long-term debt to net assets. By 2020, YDFDA had paid this debt down to under \$5 million, or 5.1% long-term debt to net assets.

### *Determination*

Evaluation of criterion two, determining overall financial performance, requires consideration of fishery and non-fishery investments. Given the performance standards employed, including total investments, total net assets, change in net assets, return on net assets, and debt to net assets ratio, it is well-supported YDFDA has maintained or improved its performance relative to criterion two.

#### **Criterion Two**

- ✓ Overall financial performance of the entity, including fishery and non-fishery investments by the entity.

#### **Weight**

- ✓ 30 points

#### **YDFDA Finding**

- ✓ Improved

#### **State of Alaska Determination**

- ✓ Maintained or Improved



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## CRITERION THREE – WORKFORCE DEVELOPMENT

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### ***Data Sources and Standards***

YDFDA provided data sources used to evaluate its performance and standards by which it determined it achieved the goals of the workforce development criterion. Data sources originate directly from YDFDA records and are sufficient to determine it has achieved the goal of criterion three – to provide employment, scholarships, and training for the 2011 to 2020 review period.

### ***Evaluation***

Over the review period, YDFDA provided employment, scholarships, and training to individuals in member communities. Employment – direct and indirect – increased during the review period from 1,082 jobs in 2011 to 1,313 jobs in 2019 (2020 is an outlier due to the COVID-19 pandemic, with 565 jobs). Total wages paid for direct and indirect jobs increased by over \$1.2 million. Compensation paid during the review period totals over \$86 million.

The number of people receiving YDFDA scholarships totaled 524 and over \$2.1 million during the review period. The number of scholarships fluctuated over the course of the review period, averaging about 52 individual scholarships. The average scholarship amount per recipient was \$4,094 over the review period.

YDFDA provided a total of 311 individual training opportunities over the course of the review period. This included internships, CPR/First Aid, and fisheries-related training in addition to other trainings. The majority of these, 87%, were fisheries-related trainings. From 2011 to 2020, training expenditures totaled \$648,423. During the review period, an average of 31 regional residents went through YDFDA sponsored training programs with an average award of \$2,085 per recipient.

### ***Determination***

Evaluation of criterion three requires the consideration of employment, scholarships, and training. Based on performance for each of the three indicators over the review period, it is evident that YDFDA has maintained or improved employment, increased scholarships, and increased training opportunities for CDQ region member communities.

#### **Criterion Three**

✓ Employment, scholarships, and training supported by the entity.

#### **Weight**

✓ 30 points

#### **YDFDA Finding**

✓ Improved

#### **State of Alaska Determination**

✓ Maintained or Improved



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## CRITERION FOUR – COMMUNITY DEVELOPMENT PLAN

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### ***Data Sources and Standards***

Objectives of the community development plan (CDP) are to maximize the harvest of groundfish, halibut, and crab target species while minimizing the harvest of prohibited species (bycatch) to the extent practicable. YDFDA provided their 2011-2020 CDPs. YDFDA did not specify other data sources used for this assessment.

### ***Evaluation***

Harvest data from 2011 to 2020 were provided to support YDFDA’s determination that it maintained or improved performance with respect to the CDP during the review period. Overall, YDFDA harvested over 94 percent of its CDQ allocated species.

#### **Criterion Four**

✓ Achieving the goals of the entity’s community development plan.

#### **Weight**

✓ 20 points

#### **YDFDA Finding**

✓ Improved

#### **State of Alaska Determination**

✓ Maintained or Improved

YDFDA maintained a high harvest rate (over 95%) of its primary groundfish species (i.e., pollock and Pacific cod) over the review period. They also realized high harvest rates (93% to 98%) in target Atka mackerel fisheries, as well as Pacific ocean perch (90% to 95%). Harvest rates in Bering Sea flatfish species and sablefish were more variable.

Crab harvest performance was strong throughout the review period, averaging 96 to 100 percent harvest rates in Norton Sound red king crab, Bristol Bay red king crab, Bering Sea *C. opilio* and *C. bairdi* crab, and Aleutian Islands golden king crab. YDFDA clearly maintained performance with regard to the ability to fully harvest these allocations. Similar to other groups, lower rates were realized in Saint Matthew blue king crab fisheries, which was closed during six of the ten years in the review period.

Another CDQ group harvests YDFDA’s Area 4D halibut allocation. YDFDA has maintained strong performance relative to halibut during the review period an average harvest rate of over 98 percent.

WACDA has included a requirement that CDPs include bycatch avoidance plans with respect to the harvest of its share of fishery resources (CDQ Panel Resolution 2010 – 07). YDFDA provides the basis for its bycatch avoidance plan during the review period. YDFDA includes contractual provisions in their contracts calling for best efforts to avoid bycatch, place hard cap limits for salmon bycatch that are significantly less than their allowances to further reduce bycatch and, in the pollock mothership fleet, have adopted a policy to financially incentivize vessel captains to reduce Chinook bycatch.

Overall, YDFDA’s average bycatch rates equated to a range of 34 percent to 51 percent of its individual crab prohibited species quota (PSQ) allocations, 71 percent of its halibut PSQ allocation, 25 percent of its Chinook salmon PSQ allocation, and 89 percent of its non-Chinook salmon PSQ allocation.



***Determination***

Given the performance standards, YDFDA maintained or improved its performance relative to criterion four.

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**FINAL DETERMINATION**

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YDFDA submitted data, stated performance standards for each criteria, and provided analysis and discussion regarding whether performance standards were met. YDFDA’s self-evaluation determined that they have maintained or improved performance across all four criteria including socioeconomic conditions, financial performance, workforce development, and implementation of community development plans. This determination is documented, discussed, and supported by specific and observable data. Consequently, the State of Alaska evaluation team concurs with YDFDA’s finding that overall performance has maintained or improved for the 2011 to 2020 review period.

**Determination Summary**

<b>Criteria</b>	<b>Description</b>	<b>Weight</b>	<b>YDFDA Determination</b>	<b>State of Alaska Determination</b>
1	Socioeconomic Conditions	20 points	Improved	Maintained or Improved
2	Financial Performance	30 points	Improved	Maintained or Improved
3	Workforce Development	30 points	Improved	Maintained or Improved
4	Community Development Plan	20 points	Improved	Maintained or Improved
<b>Overall</b>		<b>100 points</b>	<b>Improved</b>	<b>Maintained or Improved</b>

