

# CARES Act Fisheries Disaster Assistance Program

## Aquaculture

# Introduction

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- **The CARES Act was passed by Congress and enacted into law on March 27, 2020**
- **Within the CARES Act is a specific set aside for eligible fishery participants called the Fisheries Disaster Assistance Program**
  - **This is a \$300 million set aside for all coastal states with eligible fishery participants affected by COVID-19**
- **State allocations were released by NOAA on May 8, 2020, and further guidance came out over the following couple of weeks**

# Introduction

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- **RI's allocation is \$3,267,923**
  - This is the adjusted amount that accounts for NOAA's (0.7%) and ASMFC's (0.1%) administrative costs for the allocation and distribution of the funding to the states
- **RI will receive its state share from the ASMFC**
  - RI will also charge an additional small amount for state administrative costs, minimized to the extent possible
    - Currently considering a flat amount of \$100k

# Basis for the Allocation

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- Allocation was derived from readily available total annual revenue information from commercial fishing and aquaculture (68%), charter fishing (3.5%), and processor sectors (28.5%)
- Allocation not required to be distributed based on these proportions, since number of eligible fishery participants in sectors may vary based on 35% revenue loss threshold
  - However, RI's initial proposal will use these allocations as starting point for discussions

# Basis for the Allocation

- These are initial estimates and will change depending on the outcome of the stakeholder process

Fishing Sector	Allocation	Amount*
Commercial Fishing	62.6%	\$1,983,120
<b><u>Aquaculture</u></b>	<b><u>5.4%**</u></b>	<b><u>\$171,068</u></b>
Party and Charter	3.5%	\$110,877
Processors	28.5%	\$902,858

\*Accounts for estimated 100k overhead for program administration by RI

\*\*This percentage may change based on feedback from NOAA, may decrease by upwards of \$50,000

# Eligibility

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- **Eligible participants must have incurred, as a direct or indirect result of the coronavirus pandemic, economic revenue losses greater than 35% as compared to the applicable prior 5-year average (2015-2019)**
- **All applicants must be RI residents 18 years of age or older**

# Eligibility

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- **Qualified Aquaculture Operations**
  - **Owner of an aquaculture business, based in RI, who:**
    - **Holds an aquaculture license valid for 2020**
    - **Inclusive of individuals employed by said business during the 2020 reference period**

# Process

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- **Goal statement:**

**“Expediently and equitably compensate eligible fishery participants in RI for documented losses due to COVID-19 incurred during 2020 reference period, not otherwise compensated for via any other direct-payment programs.”**



# Process

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- **RI must develop a “Spend Plan” to receive and disburse RI allocation**
- **This plan must be approved by NOAA**
- **Once approved, RI will:**
  - **Promulgate regulations consistent with the Spend Plan**
  - **Work through existing COVID 19 relief funds business processes in the state**
  - **Distribute the funds**

# Process

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- **Development of the RI spend plan will include a stakeholder process**
  - **Starting with a general meeting**
  - **Followed by a series of stand-alone workshops for each sector**
    - **This is the second, specific to Aquaculture**
  - **DEM is developing an initial strawman proposal for stakeholder review**
    - **Strawman proposal is being developed by internal working group that includes staff from several DEM offices, including Marine Fisheries, Coastal Resources, Director's Office, and Legal Counsel**

# Process

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- **Qualifying applicants (eligible aquaculture participants):**
  - **Intent is to begin by identifying eligible applicants via affidavit process**
    - **Affidavit will ask each applicant to verify documented losses during the 2020 reference period**
    - **If greater than 35% compared to prior 5-year average, affidavit will ask each applicant to deduct other sources of direct COVID-19-based assistance received during 2020 reference period**
    - **Balance will constitute net loss, serve as basis of individual request**
    - **Available funds may not be sufficient to fully mitigate net losses**
  - **Intent is to rely exclusively on verifiable data sources**
    - **Open to suggestions; data sources must be accessible and verifiable**

# Process

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- **Qualifying applicants (eligible aquaculture participants):**
  - **Affidavit will have three parts:**
    - **Part 1 – Self Certify that the owner of the aquaculture business suffered at least a 35% loss in revenue from aquaculture operations during the 2020 reference period**
    - **Part 2 – Quantify that the owner of the aquaculture business suffered at least a 35% loss in revenue from aquaculture operations during the 2020 reference period**
    - **Part 3 – Disclose the amount and source of any other direct payments received (e.g., unemployment insurance, forgivable PPP loans, USDA relief funds, EQIP participation)**

# Process

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- **Application review process**
  - **RIDEM will assess each affidavit for veracity based on available data**
  - **RIDEM will tally the total net losses for all applicants within each of the four sectors**
  - **If total net losses are less than the sector allocation, RIDEM will issue direct payments for the full amount of each claim**
    - **Distribute per sector allocation, or redistribute the sector allocations to compensate for shortages in given sector(s)**

# Process

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- **Application review process**
  - **If total losses are greater than the sector allocation, RIDEM will employ one of the following approaches:**
    - **Issue pro-rated payments scaled to the amount of each claim (i.e., set percentage of each claim)**
    - **Issue payments in equal amounts, determined by dividing the sector allocation by the total number of claims**
    - **Issue payments in bins/tiers**

# Data

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- **Data Sources**

- **2015-2019 Annual Aquaculture Questionnaires (collected by CRMC and annually entered into the ACCSP Data Warehouse):**
  - **Pro: complete reporting**
  - **Con: no price information (annual average prices estimated to determine value) and no seasonality of sales**
- **2020 SAFIS Dealer Reports:**
  - **Pro: should account for all sales (whether reported by grower that is also a dealer or dealer they sell to), includes prices, addresses seasonality**
  - **Con: no baseline on which to compare, and limited reporting to date (program implemented in 2020)**

# Data

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- **2019 Annual Aquaculture Questionnaires**
  - **81 active leases**
  - **51 growers**
  - **Farm gate value of products: \$5,744,506**
  - **Seed sales valued at \$326,796**
- **2015-2019 Aggregated Annual Aquaculture Questionnaires**
  - **5-year mean annual sales value: \$82,438**
  - **5-year median annual sales value: \$19,990**
  - **Active years only mean annual sales value: \$97,676**
  - **Active years only median annual sales value: \$35,707**



# Data

- **Potential Distribution Scenarios (EXAMPLE: using 2019 CRMC questionnaires)**

- **Equal shares - \$171,068/51 growers = \$3,354/grower**
- **Tiered shares – dependent on selected thresholds**
- **Proportional values**

Metric	All 5 years (0s included)	Only active years
Mean	\$2,715	\$2,715
Median	\$658	\$992
Standard Deviation	\$4,790	\$4,324

- **Proportional values including a weighting factor for number of employees – dependent on weights selected**

# Data

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- **Industry Aquaculture Meeting - 6/22/2020**
  - **The anonymous survey was sent to all RI leaseholders - 29 growers and 7 dealers responded**
  - **Most were established firms - 4 had 4-5 years experience, 14 had 6-9 years, 3 had 10-12 years, 13 had >13 years**
  - **9 had no employees, 19 had 1-3 employees, 4 had 4-6, 4 had 7-9**
  - **Sales declines in the last two weeks of March 2020 vs March 2019: 22 responded (total \$163,000, avg. \$7,412)**
  - **Sales declines in April 2020: 22 responded (total \$245,526, avg. \$15,706)**
  - **Sales declines in May 2020: 22 responded (total \$333,375, avg. \$15,153)**
  - **Total sales decline over 3 months: (total \$841,901, avg. per respondent \$38,271)**

# Data

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- **Industry 6/22/2020 Meeting Continued**
  - **EIDL Loans: 28 responded, 11 received loans of \$1-\$150K (avg. \$29,700)**
  - **PPP Loans: 25 responded, 12 received loans from \$1-\$65K (avg. \$12,361)**
  - **14 of 27 respondents laid off employees**
  - **17 of 22 cut seed orders 25-75%**
  - **19 of 25 cut equipment orders**
  - **Most kept prices steady, but ¼ reported no sales**

# Data

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- **Impact Period?**
  - **March 1 – May 31, 2020**
  - **March 1 – June 30, 2020**
- **If proportional payments are selected, annual proportional values from the questionnaires can be used**
  - **A grower's relative contribution (average annual sales between 2015-2019) to total sales can be represented as a proportion and defined in different ways; two examples:**
    - **Value of sales relative to total sales value**
    - **Weighting function including value of sales relative to total sales value and number of crew (e.g.,  $X * \text{value} + Y * \# \text{ crew}$ , where X and Y are weights that add to 1)**
  - **Proportion of value then multiplied by the total sector allocation for aquaculture**

# Timeline

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- **Sector-specific workshops are being conducted now**
  - **Intent is to limit to no more than two workshops per sector**
- **Spend plan development will hinge upon these workshops**
- **Once spend plan is in draft final form, one or more full stakeholder meetings will be conducted to solicit final input**
  - **Final plan will then be submitted to NOAA for approval; following approval, regulatory process will commence**

# Initial Feedback Questions

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- **Questions for this workshop:**
  - Preference for the impact period (March – May; March – June)?
  - Should shares be equal, categorized, or prorated/customized?
  - Other verifiable data sets to consider?
  - Additional metrics for assessing activity or impact?
  - Should number of employees be included in the calculation?
  - Should aquaculture business be defined – by grower or lease?
  - If a farm has fewer than 5 years of reported operation or sales, should their baseline be a 5-year average (including 0s) or an average of active years only?