

CARES Act Fisheries Disaster Assistance Program

Commercial Fishing

Introduction

- **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

- **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

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

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

Eligibility

- **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**

Process

- **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

- **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**
 - **Process applications, consider appeals**
 - **Distribute the funds**

Process

- **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 fourth workshop, specific to Commercial Fishing**
 - **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

- **Establishing Sector-Specific Eligibility**

- **Commercial Fishing Participants:**

- **Owner of a fishing vessel/business home-ported in RI**

- **Inclusive of individuals employed by said business during the 2020 reference period**

- **Holder of a RI commercial fishing license, not affiliated with a fishing vessel/business (e.g., shore-based fishers)**

Process

- **Establishing 2020 Reference Period**

- **Option 1: March-May 2020**

- **Option 2: March-June 2020**

Process

- **Qualifying applicants (eligible commercial fishing 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

- **Qualifying applicants (eligible commercial fishing participants):**
 - **Affidavit will have three parts:**
 - **Part 1 – Self Certify that the owner of the commercial fishing business suffered at least a 35% loss in revenue from operations during the 2020 reference period**
 - **Part 2 – Quantify that the owner of the commercial fishing business suffered at least a 35% loss in revenue from 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)**

Process

- **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 a given sector(s)**

Process

- **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**

Process

- **Appeals**
 - **Process will include opportunity for applicants to appeal initial determinations regarding claims**
 - **Timeframe for appeals will be limited, given effect on other applicants**

Data

- **Data Sources**
 - **SAFIS Dealer Reports**
 - **2015-2019 to establish baseline for reference period**
 - **2020 to quantify losses relative to baseline**
- **SAFIS Dealer Reports**
 - **Provide ex-vessel value of seafood sold to dealers**
 - **Provide the number of landings. This can be used examine increases/decreases in effort during the reference period.**

Data

- **Historical Data vs. Claimed Loss**
 - **The following examples highlight potential uses of data and metrics to evaluate losses during reference period based on prior histories**
 - **Numbers of potentially eligible vessels (862) does not necessarily represent the universe of eligible applicants, given the 35% revenue loss threshold;**
 - **Additional challenge of matching vessel declarations w/ federal permit files to determine home port or matching to a commercial vessel declaration held by a RI resident**
 - **Examples do not include from shore fishermen, or vessels that could not be matched**
 - **For purposes of illustration, the analyses assume all potentially eligible vessels/businesses would qualify**

Data

- **Example Reference Period March 1 – May 31 for 2015-2019**
 - **862 RI home-ported vessels participated at some level of activity**
 - **254 vessels participated in all 5 years**
 - **The remainder (608) participated in at least 1 year, but not all 5**
 - **Average ex-vessel value per year for the period ranged from ~\$1 to ~\$850,000**
 - **Average ex-vessel value per year for the period was ~\$28,000 with a standard deviation of ~\$70,000**
 - **Average landings per year for the period ranged from <5 to ~350 events**
 - **Average number of landings per year for the period was ~13 events with a standard deviation of ~18 events**

Data

- **Potential distribution methods**
 - **Even distribution of funds among qualifying vessel owners/business owners**
 - **Example shows a potential payout of ~\$2,000/owner**
- **Could use a tier system, which groups businesses into bins, with equal payout per bin**
 - **Data is highly skewed, so determining bins is not straightforward**
 - **If this method is preferred, feedback on binning thresholds would be needed**

Data

- **Potential distribution methods**
 - **Proportional distribution of funds based on ex-vessel value**
 - **Highly skewed data combined with large number of eligible businesses may result in a large range in payouts**
 - **Could do a minimum payout/eligible business with any funds above the minimum proportioned out based on metrics**
 - **Proportional distribution based on factors such as seafood value and number of landings per year**
 - **Weighting function including value of sales relative to total sales value and number of landings (e.g., $X * \text{value} + Y * \# \text{ landings}$, where X and Y are weights that add to 1)**

Timeline

- **Sector-specific workshops are being conducted now**
 - **Intent is to limit to no more than two workshops per sector**
- **Spend plan development will hinge from those 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

- **Questions for this workshop:**
 - **Preference for the impact period (March – May; March – June)?**
 - **Should shares be equal, categorized (bins), or prorated/customized?**
 - **If not issuing equal payouts, should minimum payouts be considered, with prorated values above the minimum payout?**
 - **If prorated, what metrics should be considered: ex-vessel value, number of landings?**
 - **If multiple metrics are considered, how should those metrics be weighed?**
 - **For vessels that cannot be matched to a federal permit or vessel declaration, how can we establish home-port status?**
 - **Other verifiable datasets to consider?**
 - **Additional metrics for assessing activity or impact?**