CARES Act Fisheries Disaster Assistance Program

Commercial Fishing
• 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
• 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

<table>
<thead>
<tr>
<th>Fishing Sector</th>
<th>Allocation</th>
<th>Amount*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Fishing</td>
<td>62.6%</td>
<td>$1,983,120</td>
</tr>
<tr>
<td>Aquaculture</td>
<td>5.4%</td>
<td>$171,068</td>
</tr>
<tr>
<td>Party and Charter</td>
<td>3.5%</td>
<td>$110,877</td>
</tr>
<tr>
<td>Processors</td>
<td>28.5%</td>
<td>$902,858</td>
</tr>
</tbody>
</table>

* 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:

“Expeditiously 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.”
• 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
• 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)
• 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)
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
• 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.
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.
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
• 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
• 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., $X \times \text{value} + Y \times \# \text{landings}$, 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
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?