

# CARES Act Fisheries Disaster Assistance Program

## Seafood Processors

# 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 seafood 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

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

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

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

# 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**

# 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**
  - **Process applications, consider appeals**
  - **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 third workshop, specific to Seafood Processors**
  - **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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- **Establishing Sector-Specific Eligibility**

- **Seafood Processors:**

- **Owner of a seafood wholesale/processing business, with facility based in RI, who holds a RIDEM Dealer License**

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

- **Question: should we also require parallel DOH licensure as requirement?**

- **Establishing 2020 Reference Period**

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

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

# Process

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

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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**

# Process

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- **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

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- **Data Sources**
  - **SAFIS Dealer Reports**
    - **2015-2019 to establish baseline for reference period**
    - **2020 to quantify losses relative to baseline**



# Data

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- **SAFIS Dealer Reports**
  - **Provide ex-vessel value of seafood purchased by the dealer**
    - **Economic multipliers can be applied to estimate value in the market**
  - **Provide the number of purchases made, which can be used to examine dealer activity**

# Data

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- **Use of Historical Data vs. Claimed Loss**
  - **The following examples highlight potential use of available data and metrics to evaluate losses**
  - **Numbers of potentially eligible dealers does not necessarily represent the universe of eligible applicants, given the 35% revenue loss threshold**
  - **However, for purposes of illustration, the analyses assume all potentially eligible businesses would qualify**
  - **Only RI-based seafood dealers are included**

# Data

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- **Reference Period: March 1 – May 31 for 2015-2019**
  - **71 RI dealers reported activity during the period**
    - **38 dealers reported activity during the period in all 5 years**
    - **33 dealers reported activity during a subset of years, including some with single years of activity**
  - **Total ex-vessel value per dealer per year for the period ranged from ~\$100 to ~\$3million**
    - **32 dealers averaged < \$20,000 in purchases per year during the period**
  - **Total number of purchases per dealer per year ranged from <5 to ~1,500**
    - **32 dealers averaged less than 100 purchases/year during the period**

# Data

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- **Potential distribution methods**
  - **Proportional distribution based on seafood value**
    - **Estimate based on current data: average of ~\$12,716, stdev \$39,892, range ~\$1 - ~\$275,000)**
    - **Key factor: Should the value be evaluated by ex-vessel (value in dealer reports) or value in market [(ex-vessel\*economic multiplier) - (ex-vessel value)]?**
    - **Could consider a minimum payout with any funds above the minimum proportioned**
  - **Proportional distribution based on seafood value and number of purchases**
    - **Need input on how to weight the metrics if this method is used. Evenly? More emphasis on value? More emphasis on number of purchases?**
      - **Weighting function including value of sales relative to total sales value and number of purchases (e.g.,  $X * \text{value} + Y * \# \text{ purchases}$ , where X and Y are weights that add to 1)**

# Data

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- **Potential distribution methods**
  - **Even distribution of funds among qualifying dealers**
    - **Estimate based on current data = ~\$12,000**
  - **Use of bins/tiers that group all qualifying businesses into high/medium/low categories based on data/metrics, with fixed payments provided to all businesses in each category**

# 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 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

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- **Questions for this workshop:**

- Preference for the reference period (March – May; March – June)?
- Other verifiable datasets to consider?
- Additional metrics for assessing activity or impact?
- Should shares be equal, categorized, 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: seafood value, number of purchases?
  - Should ex-vessel value be used as a quantifier, or should market values be computed based on economic multipliers?
  - If multiple metrics are considered, how should those metrics be weighted?