



# The Commonwealth of Massachusetts Division of Marine Fisheries



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## CARES Relief Commercial Fishing Working Group Meeting #1 Summary June 11, 2020

Industry Members: John Pappalardo (Cape Cod Commercial Fishermen’s Alliance); Ed Barrett (Massachusetts Fishing Partnership); Dan Orchard (Massachusetts Fishing Partnership); Beth Casoni (Massachusetts Lobstermen’s Association); Ed Washburn (Port of New Bedford); Jackie Odell (Northeast Seafood Coalition); Drew Minkiewicz (Fisheries Survival Fund); Ron Bergstrom (Chatham wild shellfish fisherman); Albert Cottone (Gloucester Fisheries Commission).

DMF Staff Present: Daniel McKiernan, Director, Jared Silva, Co-Chair; Melanie Griffin, Co-Chair; Kevin Creighton; Stephanie Cunningham; Story Reed; Jeff Kennedy; Tom Shields, Kelly Whitmore; Maren Budrow; Julia Kaplan.

### Introduction

The federal government provided \$300 million in disaster relief through the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) for those seafood and fishing industry sectors negatively affected by the COVID-19 pandemic. Approximately \$28M of this funding was allocated by NOAA Fisheries to the Commonwealth of Massachusetts and was derived from revenues from the seafood processing sector (51.2%), the commercial fishing and aquaculture sectors combined (47.3%), and the for-hire sector (1.5%).

DMF has distributed federal aid to commercial fisheries during five previous programs over the last 20 years and therefore has valuable previous experience about distribution of funding in MA. That being said, this is particularly complex because it spans four different sectors where the data quality varies greatly. It is expected the commercial fishing sector will be allocated just shy of \$12 million. DMF projected losses in revenue from March and April for commercial fisheries alone to approximate \$28 million.

### Eligibility

At 3PM on June 11, 2020, the CARES Act Commercial Fishing Industry Sector Working Group met for the first time to review the CARES Act relief funding and DMF’s strawman spending plan for the commercial fishing sector. This strawman spending plan was consistent with federal CARES Act guidelines from NOAA Fisheries and included: having to demonstrate a 35% loss from the pandemic in 2020 based on commercial fishing revenues from the past 5-years (2015 – 2019); not being made more than whole for 2020 based on receipt of various pandemic relief funds; having no outstanding federal fisheries violations; being a MA resident; and being 18

years of age or older. It is noteworthy that for the March – April period, losses across most of the state’s fisheries exceeded 35% (Table - Right).

COMPARING MARCH - APRIL 2020 TO THE PREVIOUS 5 YEAR AVERAGE			
SPECIES GROUP	Previous 5-year Average Value	2020 Value	% Change Value
SEA SCALLOP	\$55,730,539.53	\$38,644,785.33	-30.66%
GROUND FISH	\$11,056,584.64	\$7,862,477.87	-28.89%
LOBSTER/CRAB	\$5,127,781.16	\$2,969,270.46	-42.09%
OYSTER	\$4,009,609.15	\$1,255,585.79	-68.69%
OTHER FINFISH	\$2,516,837.81	\$1,879,032.17	-25.34%
SOFTSHELL & RAZOR CLAM	\$1,313,647.76	\$716,432.02	-45.46%
QUAHOG	\$479,427.28	\$309,407.20	-35.46%
OTHER BIVALVE	\$358,716.96	\$148,379.36	-58.64%
OTHER INVERT	\$57,243.54	\$27,316.75	-52.28%
SURFLAM/OCEAN QUAHOG*	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$80,650,387.83</b>	<b>\$53,812,686.95</b>	<b>-33.11%</b>

Data Source: SAFIS Dealer Reports, May 21, 2020  
\*Fisheries Statistics Project does not yet have access to 2020 data for this group

In developing the strawman, DMF also established certain baseline eligibility criteria. This included holding a 2020 commercial fishing permit; having wild harvest commercial fisheries landings during March – July in any year from 2017 – 2019; and having commercial fisheries landings valued at more than \$15,000 annually for 2017 – 2019. The working group concluded that a timeframe of March 1 to July 15<sup>th</sup> or 30<sup>th</sup> was appropriate to allow for more losses to accrue in our seasonal fisheries that do not normally open until mid-summer.

**Metrics and Tiered Payments**

The strawman proposals were then developed by querying the Standard Atlantic Fisheries Information and Statistics (SAFIS) dealer database and filtering for the above stated qualifying criteria. DMF’s preferred approach was to take the qualifying 1,571 permit holders, rank them by their best annual revenues for 2017 – 2019 and then divide them into even quartiles of permit holders by count, effectively establishing four tiers for payment.

PREFERRED STRAWMAN APPROACH				
Tier	Count of Harvesters	Min Value	Max Value	Estimated Payment Per Permit
0	2067	\$1	\$15,000	\$0
1	392	\$15,000	\$30,550	\$3,011
2	393	\$30,550	\$67,330	\$6,021
3	393	\$67,330	\$197,000	\$9,032
4	393	\$197,000	\$8,000,000	\$12,042

Individual payments would then be calculated based on the tiering (Tier 1 = 1 share, Tier 2 = 2 shares, Tier 3 = 3 shares, and Tier 4 = 4 shares). DMF favored this approach (Table - Above) because it was conceptually simple, allowed for expedient qualification and payment, balanced relative loss and total loss, and protected data confidentiality.

A second alternative strawman was also presented. This strawman used equal valued tiers based on the best annual revenues for 2017 – 2019. The working group favored DMF’s preferred approach. However, they requested DMF consider additional tiers within Tier 3 and Tier 4 to close the fairly sizeable revenue windows for these tiers.

The Working Group supported DMF’s preferred approach. However, there was interest in DMF creating additional tiers among Tier 3 and Tier 4 to close the gap between the minimum and maximum revenue values in each tier. There was also some discussion about more closely aligning relief payments to revenue lost on an individualized basis based on 2020 data. However, this approach was ultimately not supported because it would overly complicate qualifying applicants and administering the program, likely resulting in delaying relief payments.

Overall, the working group did not support the development of an alternative minimum revenue threshold; tiering down payments based on receiving other forms of aid; maximum caps on payments to a single entity; and caps on the ability to participate in multiple sector relief programs.

There was also some discussion regarding the federal requirement that individuals sustain a 35% loss, not be made more than whole for 2020 by the various federal relief programs and that recipients not have federal fisheries violations. DMF was seeking further clarification from NOAA Fisheries on these requirements and noted that these criteria would be clearly stipulated on the relief application.

#### Next Steps

The next meeting will be held on Wednesday, June 17<sup>th</sup> at 3 PM. DMF will revise the strawman proposal and present it to the working group during this time. Based on today's conversation, DMF will work with NMFS to figure out what the procedure will be if a commercial fishermen cannot show a full 35% loss because they had increased volumes of fish but meanwhile, the fish was sold at a lower price which equated to a 35% loss.