

CARES Act Relief

Aquaculture Working Group Meeting #2

DMF Staff

- Co-Chairs – Tom Shields and Jeff Kennedy

Industry Members

- Josh Reitsma, SEMAC & Woods Hole Sea Grant Representative
- Bill Doyle, Shellfish Aquaculture and MFAC member
- Scott Soares, MAA
- Jack Blake, Shellfish Aquaculture, Edgartown
- Mark Begley, Shellfish Aquaculture, Barnstable
- Aaron Brochu, Big Rock Oyster CO., Dennis



CARES Act Relief Aquaculture Working Group

Goal: Advise sector-wide advisory panel and DMF on sector-specific spending plan

Meeting Overview

- Meeting will be recorded; recording will be a public record
- Presentation is a public record and may be shared
- Presentation and meeting summary will be published on DMF's CARES Act website
 - <https://www.mass.gov/service-details/mass-cares-act-fisheries-relief>

Meeting Guidelines

- Please mute yourself when you are not speaking
- Webcams do not need to be active
- Please use “raise hand” feature in the participants box to be recognized to speak



Process Overview

1

- **Initial Advisory Panel Meeting (June 10)**
 - Reviewed CARES Act funding, sector specific aid programs, and initial concerns

2

- **Sector Specific Working Groups (mid-June 2020)**
 - Goal: Finalize sector specific spending plans
 - Additional meetings may be necessary

3

- **Second Sector-wide Advisory Panel Meeting (Late June 2020)**
 - Reviews spending plans and program administration

4

- **Relief Program Administration (July 2020 – End of Program)**
 - Application and initial determinations
 - Appeals and final determinations
 - Payment



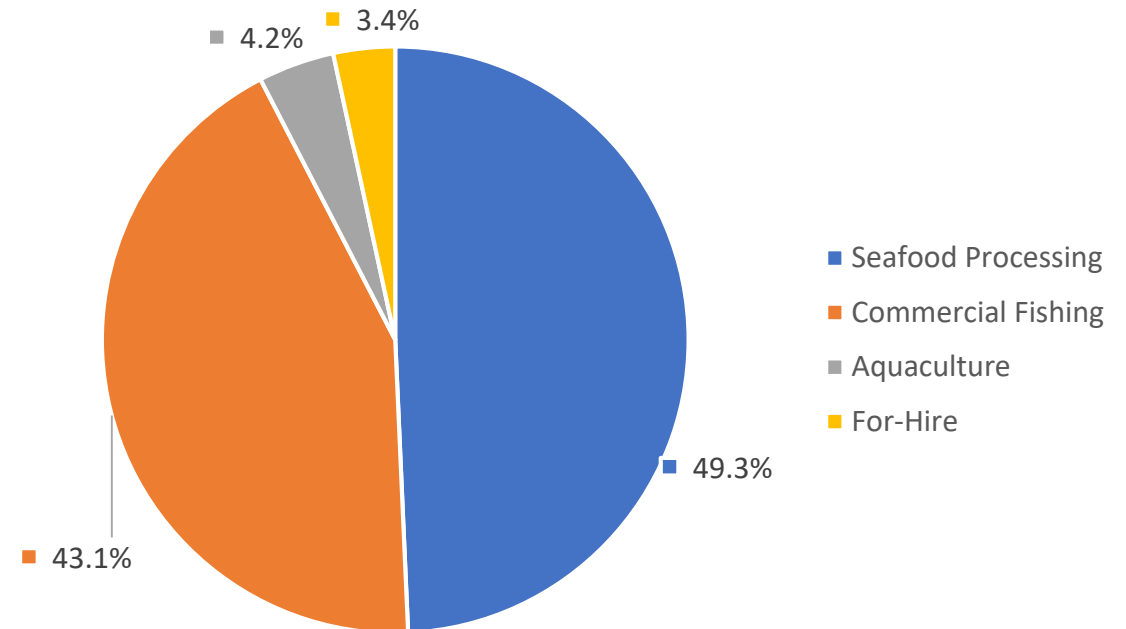
Sector Allocation Proposal

Sector

- Seafood Processing: \$13,779,789
- Commercial Fishing: \$11,828,404
- Aquaculture: \$1,152,652
- For-Hire Industry: *\$1,000,000

*This value is 1.5% of available + \$316K from DMF admin funds + \$271,586 (~2%) from Seafood Processing sector

% of Estimated Annual Revenue by Sector -
for Massachusetts



DMF recommends shifting most of DMF's administrative budget to the for-hire industry, and bring into line combined commercial/aquaculture percentages to more closely align with each sectors current losses (~68% aquaculture loss, ~33% all commercial fisheries loss).



Mandatory Eligibility Criteria

- Massachusetts Resident
- Holds a 2020 Shellfish Propagation or Aquaculture permit
- Suffered a documentable 35% or greater loss in revenue compared to previous 5-year average due to Covid-19 impacts *(can be established by self-certification)*
- The net benefit of all CARES relief funds received CANNOT make you more than whole more than normal revenues *(can be established by self-certification)*
- Be >17 years of age as of the end of the application period
- No federal violations



Initial Preferred Tiered Payment System

- 272 commercial permit holders
- With minimum eligibility value of \$15K -> 29%
- Divide remaining permits holders into quartiles
- 48 growers per Quartile
- Each Tier equals the number of shares
- Calculate number of shares
 $(1 \times 48) + (2 \times 48) + (3 \times 48) + (4 \times 49) = 484$ Total shares
- Calculate value of share by dividing sector allocation by total shares
 $\$1,152,652 / 484 = \$2,382$

Tier/ Quartile	Count of Harvesters	Min Value	Max Value	Estimated Payment Per Permit
0	79	\$0	\$15,000	\$0
1	48	\$15,000	\$42,800	\$2,382
2	48	\$42,800	\$82,000	\$4,763
3	48	\$82,000	\$205,000	\$7,145
4	49	\$205,000	\$1,200,000	\$9,526

Why is this tiered approach preferred?

- 1) Conceptually simple.
- 2) Graduated payment based on total annualized revenue.
- 3) Estimated payments do not exceed 35% of tier's minimum value.
- 4) Attempts to equitably distribute funds.



Eligibility – Discussion Points

- Does Unemployment or PPP or other COVID-19 relief disqualify or reduce payout (e.g. drop to lower tier)? *Workgroup did not support*
- *Eligibility period: Aquaculture Activity in one of last 3 years (2017-2019) March through June? Workgroup wants more inclusive timeframe*
- *Should there be some minimum requirement to qualify? If so, how much/how would this be determined? Workgroup wants more inclusive criteria*



Today's Discussion Points

- *Eligibility qualifying period*
- *Alternative Program – Oyster Buyback for Recreational Fishery*
- *Variable and Proportional Payouts Based on Actual Loss (MAA proposal)*
- *Multiple Sector Applications*
- *DMF Tiered Approach*
 - *Need to select preferred tiered approach*
- *Minimum annual revenue cutoff*



DMF concerns on why individual loss is not practical

- **Propagation permits do not have landings, only commercial permits do.** Assigning landings appropriately is problematic and prone to errors.
- **Appeals cascade.** If one permit holder's landings were attributed to a different permit holder's landings, both need to be adjusted regardless of appeal status of the other permit. Binning provides a buffer for these types of issues, but proportional loss payments do not.
- **Back calculation of confidential data is possible.** Payouts are public data and individual annual income and loss could be calculated.
- Application process and appeals have a short turnaround time. Appeals would be extensive and a time-intensive process. We may need to bring in dealers to the appeals process which only adds to the workload. **DMF will process approximately 5,000 applications/payments across all sectors.** Payouts are low and highly disproportionate to losses when compared to the amount of effort needed by DMF staff to work through individual losses
- Losses are relative to the eligibility time frame - **grower retains ownership of product.**
- **Funds need to be distributed as quickly as possible to help those struggling the most.**

Aquaculture: assessed on Shellfish Prop Permits

6/13/20

Stats Project

MAR-JUN Eligibility

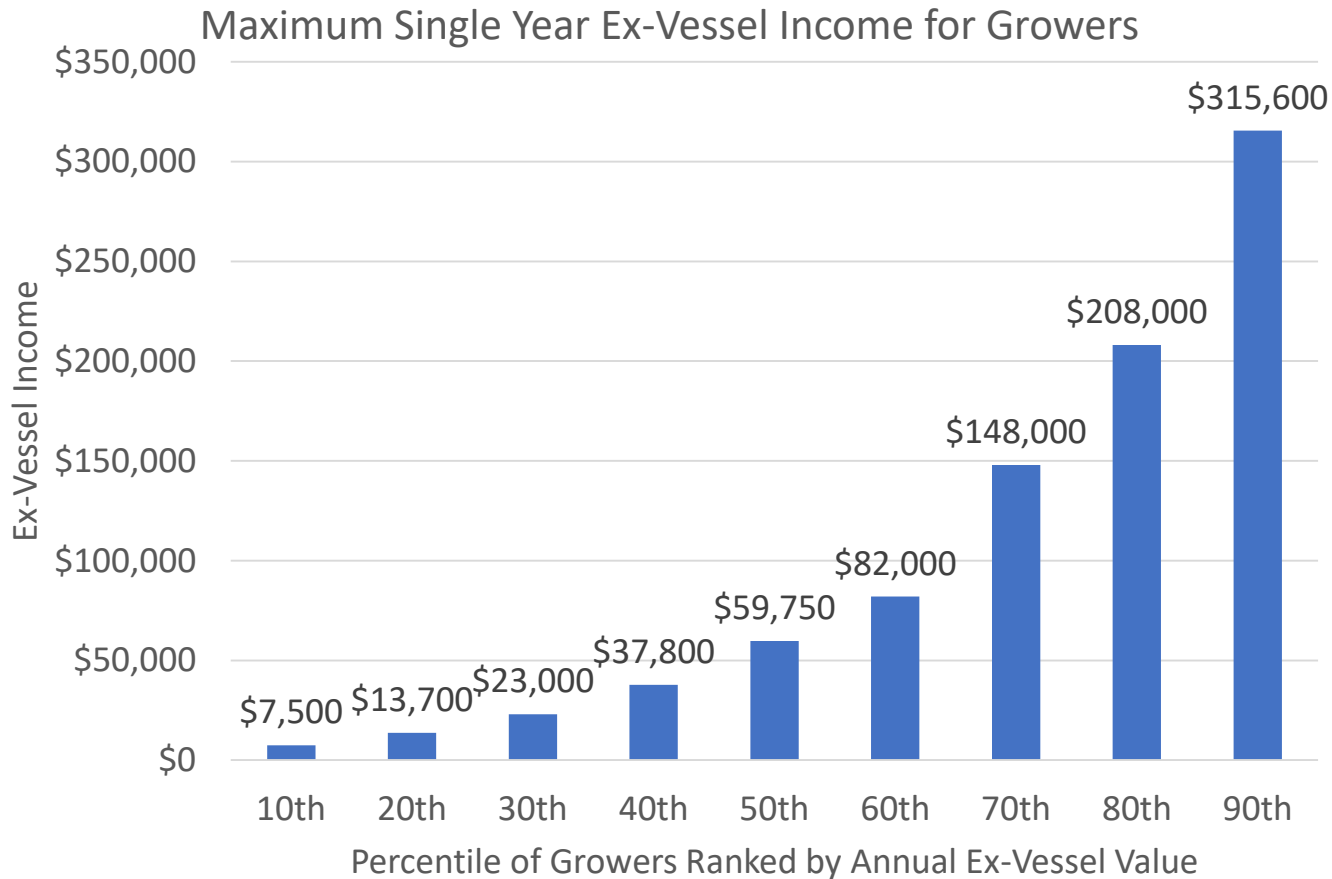
Notes

- Assigning commercial landings to a propagation permit is complicated.
 - Any landings that are not able to be linked to a propagation permit are not included.
 - these landings could be wild harvest
 - these landings could be aquaculture, but our data do not provide enough information to correctly assign to a propagation permit.
- This excludes any landings and value for any landings incorrectly assigned as wild harvest.
- Assumes no cap on individual or corporation payouts
- Appeals would be welcome
- No confidential data calculations possible
- Data pulled 6/12/20 from SAFIS dealer reports

Eligibility

- Aquaculture landings in at least one of the last 3 years during the months of March through June
- Hold a 2020 Shellfish Propagation permit
 - Grouped all associated commercial permit landings under the propagation permit by year
- Over the age of 17 by June 30, 2020.
- Query:
 - Pulled the best of the last 3 years for each commercial permit.
 - Assumed dealer reported correct catch source and permit number.
 - Grouped by associated 2020 Shellfish Propagation permit

Distribution of Income by grower (239 total)



- Each bin contains 24 growers
- 100th percentile not displayed (\$2.4 million)
- Majority of permit holders sell < \$60,000/year
- 75% of permit holders sell < \$176,000/year

Tiered Scenarios

Tiering by equal numbers of growers

OPTION 1a: Minimum \$15k Cutoff

Tiers 1-8 distribute growers evenly

Min of \$15K, 8 ADD'L TIERS; TOTAL SHARES: 845				Estimated Payment PER PERMIT			
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	52	\$0	\$15,000	\$0	0.00%	0.00%	0.00%
1	23	\$15,000	\$25,000	\$1,364	9.09%	5.46%	6.82%
2	23	\$25,000	\$40,000	\$2,728	10.91%	6.82%	8.39%
3	24	\$40,000	\$60,850	\$4,092	10.23%	6.73%	8.12%
4	23	\$60,850	\$86,500	\$5,456	8.97%	6.31%	7.41%
5	23	\$86,500	\$149,000	\$6,820	7.88%	4.58%	5.79%
6	24	\$149,000	\$209,150	\$8,185	5.49%	3.91%	4.57%
7	23	\$209,150	\$315,600	\$9,549	4.57%	3.03%	3.64%
8	24	\$315,600	\$2,400,000	\$10,913	3.46%	0.45%	0.80%

Tier	Shares
0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8

Notes:

- Pay higher % payout to lower tiers
- Value ranges are higher with increasing tiers
- Median is not consistent

OPTION 1b: \$15k Tier 0 - ½ share payout

Tiers 1-8 distribute growers evenly

Min of \$15K, 8 ADD'L TIERS; TOTAL SHARES: 871				Estimated Payment PER PERMIT			
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	52	\$0	\$15,000	\$662	6616831.23%	4.41%	8.82%
1	23	\$15,000	\$25,000	\$1,323	8.82%	5.29%	6.62%
2	23	\$25,000	\$40,000	\$2,647	10.59%	6.62%	8.14%
3	24	\$40,000	\$60,850	\$3,970	9.93%	6.52%	7.87%
4	23	\$60,850	\$86,500	\$5,293	8.70%	6.12%	7.18%
5	23	\$86,500	\$149,000	\$6,617	7.65%	4.44%	5.62%
6	24	\$149,000	\$209,150	\$7,940	5.33%	3.80%	4.43%
7	23	\$209,150	\$315,600	\$9,264	4.43%	2.94%	3.53%
8	24	\$315,600	\$2,400,000	\$10,587	3.35%	0.44%	0.78%

Tier	Shares
0	.5
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8

Notes:

- Bin 0, how do you pay out high % to low overall income from aquaculture?
- Pay higher % payout to lower tiers
- Median is not consistent

ORIGINAL PRESENTED SCENARIO WITH MORE TIERS ADDING IN LOWEST TIER

OPTION 2a: Minimum \$7.5k Cutoff

Tiers 1-8 distribute growers evenly

Min of \$7.5K, 8 TIERS; TOTAL SHARES: 972				Estimated Payment PER PERMIT			
TIER #	Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	23	\$0	\$7,500	\$0	0.00%	0.00%	0.00%
1	27	\$7,500	\$14,650	\$1,186	15.81%	8.09%	10.71%
2	27	\$14,650	\$26,900	\$2,372	16.19%	8.82%	11.42%
3	27	\$26,900	\$44,400	\$3,558	13.23%	8.01%	9.98%
4	27	\$44,400	\$68,450	\$4,743	10.68%	6.93%	8.41%
5	27	\$68,450	\$116,500	\$5,929	8.66%	5.09%	6.41%
6	27	\$116,500	\$191,500	\$7,115	6.11%	3.72%	4.62%
7	27	\$191,500	\$310,800	\$8,301	4.33%	2.67%	3.31%
8	27	\$310,800	\$2,400,000	\$9,487	3.05%	0.40%	0.70%

Tier	Shares
0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8

Notes:

- Bin 1, minimum is still getting a high % of total income
- Pay higher % payout to lower tiers
- Median is not consistent

CHANGING CUTOFF FOR LOWEST TIER

OPTION 2b: \$7.5k Tier 0 - 1/2 share payout

Tiers 1-8 distribute growers evenly

Min of \$7.5K, 8 TIERS; TOTAL SHARES: 983.5				Estimated Payment PER PERMIT			
TIER #	Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	23	\$0	\$7,500	\$586	5859949.16%	7.81%	15.63%
1	27	\$7,500	\$14,650	\$1,172	15.63%	8.00%	10.58%
2	27	\$14,650	\$26,900	\$2,344	16.00%	8.71%	11.28%
3	27	\$26,900	\$44,400	\$3,516	13.07%	7.92%	9.86%
4	27	\$44,400	\$68,450	\$4,688	10.56%	6.85%	8.31%
5	27	\$68,450	\$116,500	\$5,860	8.56%	5.03%	6.34%
6	27	\$116,500	\$191,500	\$7,032	6.04%	3.67%	4.57%
7	27	\$191,500	\$310,800	\$8,204	4.28%	2.64%	3.27%
8	27	\$310,800	\$2,400,000	\$9,376	3.02%	0.39%	0.69%

Tier	Shares
0	0.5
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8

Notes:

- Bin 1, minimum is still getting a high % of total income
- Pay higher % payout to lower tiers
- Median is not consistent

Tiered Scenarios

Tiering by equal value ranges in the mid range

OPTION 3a: Minimum \$15k Cutoff

7 middle tiers distribute value evenly

Min of \$15K, 8 TIERS; TOTAL SHARES: 638				Estimated Payment PER PERMIT			
TIER #	Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	52	\$1	\$15,000	\$0	0.00%	0.00%	0.00%
1	64	\$15,000	\$55,714	\$1,807	12.04%	3.24%	5.11%
2	36	\$55,714	\$96,429	\$3,613	6.49%	3.75%	4.75%
3	12	\$96,429	\$137,143	\$5,420	5.62%	3.95%	4.64%
4	16	\$137,143	\$177,857	\$7,227	5.27%	4.06%	4.59%
5	14	\$177,857	\$218,571	\$9,033	5.08%	4.13%	4.56%
6	11	\$218,571	\$259,286	\$10,840	4.96%	4.18%	4.54%
7	6	\$259,286	\$300,000	\$12,647	4.88%	4.22%	4.52%
8	28	\$300,000	\$2,400,000	\$14,453	4.82%	0.60%	1.07%

Tier	Shares
0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8

Notes:

- Pay higher % payout to higher tiers at max, opposite for min
- Median is more consistent than tiering on ranked harvesters
- Lower tiers have higher value ranges

OPTION 3b: \$15k Tier 0 - ¼ share payout

7 middle tiers distribute value evenly

Min of \$15K, 8 TIERS; TOTAL SHARES: 651				Estimated Payment PER PERMIT			
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	52	\$1	\$15,000	\$443	44264.67%	2.95%	5.90%
1	64	\$15,000	\$55,714	\$1,771	11.80%	3.18%	5.01%
2	36	\$55,714	\$96,429	\$3,541	6.36%	3.67%	4.66%
3	12	\$96,429	\$137,143	\$5,312	5.51%	3.87%	4.55%
4	16	\$137,143	\$177,857	\$7,082	5.16%	3.98%	4.50%
5	14	\$177,857	\$218,571	\$8,853	4.98%	4.05%	4.47%
6	11	\$218,571	\$259,286	\$10,624	4.86%	4.10%	4.45%
7	6	\$259,286	\$300,000	\$12,394	4.78%	4.13%	4.43%
8	28	\$300,000	\$2,400,000	\$14,165	4.72%	0.59%	1.05%

Tier	Shares
0	0.25*
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8

Notes:

- Bin 0, how do you pay out high % to low overall income from aquaculture?
- Pay slightly higher % payout to higher tiers at max, opposite for min
- Median is more consistent than tiering on ranked harvesters
- Lower tiers have higher value ranges

*0.25 chosen to improve % of income numbers

OPTION 4a: Minimum \$7.5k Cutoff

7 middle tiers distribute value evenly

Min of \$15K, 8 TIERS; TOTAL SHARES: 675				Estimated Payment PER PERMIT			
TIER	# Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	23	\$1	\$7,500	\$0	0.00%	0.00%	0.00%
1	89	\$7,500	\$49,286	\$1,708	22.77%	3.46%	6.01%
2	38	\$49,286	\$91,071	\$3,415	6.93%	3.75%	4.87%
3	13	\$91,071	\$132,857	\$5,123	5.63%	3.86%	4.58%
4	16	\$132,857	\$174,643	\$6,831	5.14%	3.91%	4.44%
5	15	\$174,643	\$216,429	\$8,538	4.89%	3.95%	4.37%
6	11	\$216,429	\$258,214	\$10,246	4.73%	3.97%	4.32%
7	6	\$258,214	\$300,000	\$11,953	4.63%	3.98%	4.28%
8	28	\$300,000	\$2,400,000	\$13,661	4.55%	0.57%	1.01%

Tier	Shares
0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8

Notes:

- Bin 1, minimum is still getting a high % of total income
- Pay slightly higher % payout to higher tiers at max, opposite for min
- Median is more consistent than tiering on ranked harvesters
- Lower tiers have higher value ranges

OPTION 4b: \$7.5k Tier 0 - ¼ share payout

7 middle tiers distribute value evenly

Min of \$15K, 8 TIERS; TOTAL SHARES: 680.75				Estimated Payment PER PERMIT			
TIER #	Permits	Min of DOLLARS	Max of DOLLARS	Paid per Permit	% of min	% of max	% MEDIAN
0	23	\$1	\$7,500	\$423	42330.22%	5.64%	11.29%
1	89	\$7,500	\$49,286	\$1,693	22.58%	3.44%	5.96%
2	38	\$49,286	\$91,071	\$3,386	6.87%	3.72%	4.83%
3	13	\$91,071	\$132,857	\$5,080	5.58%	3.82%	4.54%
4	16	\$132,857	\$174,643	\$6,773	5.10%	3.88%	4.41%
5	15	\$174,643	\$216,429	\$8,466	4.85%	3.91%	4.33%
6	11	\$216,429	\$258,214	\$10,159	4.69%	3.93%	4.28%
7	6	\$258,214	\$300,000	\$11,852	4.59%	3.95%	4.25%
8	28	\$300,000	\$2,400,000	\$13,546	4.52%	0.56%	1.00%

Tier	Shares
0	0.25
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8

Notes:

- Bin 1, minimum is still getting a high % of total income
- Pay slightly higher % payout to higher tiers at max, opposite for min
- Median is more consistent than tiering on ranked harvesters
- Lower tiers have higher value ranges

Next Steps?



