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CARES Act Relief Aquaculture Working Group

Meeting #2 Summary

Thursday, June 18, 2020

Attendees

Industry: Mark Begley, Jack Blake, Aaron Brochu, Bill Doyle, Josh Reitsma, and Scott Soares.

DMF: Director Dan McKiernan, Jeff Kennedy (Co-chair), Tom Shields (Co-chair), Kevin Creighton, Story Reed, Jared Silva, Stephanie Cunningham, Anna Webb, Erich Druskat, Maren Budrow, Gabe Lundgren, and Julia Kaplan.

Decisions reached and eligibility

The working group agreed on the following eligibility requirements: MA resident, hold a 2020 propagation permit, suffered a documentable 35% loss in comparison to a previous 5 year average, net benefit of all CARES relief funds cannot make applicant more than whole, be greater than 17 years of age at the end of the application period, and applicant cannot have any federal violations. The work group wanted to see a more inclusive timeframe.

The initial preferred tiered payment system required a minimum eligibility value of \$15,000. Each tier contained 48 growers, and each tier equals the number of shares. The work group did not believe people should be disqualified for aid if they have received other forms of relief, this aid cannot make them more than whole. Work group members concurred that it should be as inclusive as possible to accommodate some smaller growers.

DMF had concerns in using individual loss including an appeals cascade, propagation permits do not have landings, only commercial permits do, back calculation of confidential data is possible, with approximately 5,000 applications it would be overly time consuming, the losses are relative to eligibility time frame and ultimately the growers have ownership over their product.

Metrics and Tiering Approach

Option 1a is the original tiered approach presented with updated data and more tiers. Each bin has either 23 or 24 permit holders. There is a higher % payout to lower tiers, value ranges are higher with increasing tiers, and the median is not consistent. Option 1b includes a payout to low overall income from aquaculture, there is a higher percent payout to lower tiers. Option 2a contains a minimum cutoff of 7.5k rather than 15k. There will be no payout to those who make less than \$7500, there will be higher percentage paid to lower tiers, and there are 27 permit holders in each tier. Option 2b allows for a payment of \$586 for those in tier 0. Option 3a, has a minimum 15k cutoff, and the seven middle tiers distribute value evenly (this option was not favored by the work group). Option 3b holds the 15k requirement but gives a .25 share making payments to those in tier 0 at \$443. Option 4a (Fig. 1) holds a minimum cutoff of 7.5k and the 7 middle tiers distribute value evenly. Option 4b has a 7.5k tier 0 cutoff and allows for a .25 share payout to those in tier 0. 7 middle tiers are distributed evenly in the median range. In bin 1, the minimum is still getting a high percentage of total income. This option pays slightly

higher for higher tiers at the maximum and the opposite for lower tiers. Lower tiers have higher value ranges compared to Options 1 and 2.

Fig. 1: Option 4b tiered approach

| 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% | 11.25% |
| 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% |

Option 4b was favored by the work group because of the simplicity as well as accommodating those in the lower tiers. This approach was also favored because it will allow DMF to get the money out faster. It was noted that the appeals may come from the higher tiers, if this does occur they will have options to apply to other sectors.

The work group came to the consensus that an eligibility period of March 15th – June 30th.

In regards to planting excess product in municipal areas, the work group agreed to put the program off for now. DMF would be willing to support cultured oysters in recreational areas if another program was to take the lead.

Next Steps

DMF will develop a spending plan for the aquaculture sector using the agreed upon qualifying criteria and spending approach. This spending plan will be reviewed by the Advisory Panel and sent to NOAA Fisheries for approval.