



The Commonwealth of Massachusetts

Division of Marine Fisheries

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June 2, 2020 CARES Act Relief Advisory Panel Meeting Notes

Background

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. \$28M of this funding was allocated by NOAA Fisheries to the Commonwealth of Massachusetts. This was the third largest portion of funding distributed to a state behind AK and WA. In determining state-by-state disaster relief allocations, NOAA Fisheries used multi-year averages of resident “fishery participants” to estimate total average annual revenues for each state and sector. Massachusetts \$28M value 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%). Note that allocations were driven by past revenues and not estimated scale of loss.

Given that DMF has distributed federal aid to commercial fisheries during five previous programs, DMF is the appropriate state agency for the distribution of this funding in MA. DMF is now tasked with distributing \$28 million dollars over four affected sectors: seafood processing, commercial fishing, aquaculture, and for-hire (party and charter). DMF estimates that current economic impacts for the year could approach \$500M and the \$28M of disaster funding allocated to the state is estimated to only cover a portion of the losses. The losses to the commercial fishing sector alone are approximately \$28 million in March-April, 2020.

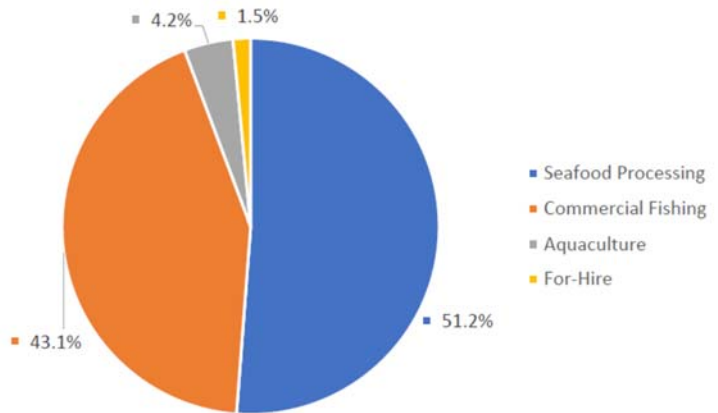
Advisory Panel Meeting

Over the past 20-years, DMF has been involved with six disaster relief programs. Based on experience with these programs, DMF assembled an industry-based advisory panel to guide the development and administration of the relief program. The advisory panel members are representatives from the various affected industry fishing sectors. The advisory panel held their first meeting virtually on June 2, 2020 to discuss eligibility criteria, proposed allocations of relief monies by sector, potential challenges in qualifying businesses and distributing funding, and the development of sector-specific working groups to develop spending plans.

Under federal guidelines, only those businesses that suffered a 35% loss caused by COVID-19 relative to previous years will qualify for these funds. Additionally, recipients may not be made more than whole through this funding and other forms of pandemic related aid. As NOAA Fisheries used residency to derive state-by-state allocations; non-residents who participate in Massachusetts’ seafood economy should be eligible for relief in their home state. The CARES Act relief does not include coverage for seafood retail markets, restaurants, boat yards, and freshwater industries.

The advisory panel reviewed DMF’s proposal to divide the state’s disaster relief funding among four industry sectors (Fig 1). Sector-specific allocations would largely be driven by NOAA Fisheries revenue calculations. However, DMF proposed modifying the percent shares provided to the aquaculture and for-hire sectors. The for-hire sector would have their percent share increased by DMF forgoing charging of allowable administrative fees and the aquaculture sector would have their percent shared doubled through minor adjustments to the funding allocated to commercial fisheries and seafood processors. These modifications were being considered because - while losses have been severe across all sectors - the aquaculture industry has seen an 80% loss of revenue due to restaurant closures and the for-hire industry was closed by the Governor’s orders through May 24 and party boats remain tied up due to limits on number of passengers per vessel (10) and physical distancing restrictions. Additionally, due to interest from state and federal government to get payments out the door, DMF was looking to qualify entities based on lost income for the period of March 1 – June 30.

Fig 1. Proposed Aid Allocations by Sector



DMF and the advisory panel discussed certain challenges facing the program. This includes general challenges across all sectors, such as the development of minimum thresholds for eligibility; the establishment caps on total payments received; the use of scalers or multipliers based on activity or revenue thresholds; allowing applicants to receive funding from multiple sectors; and to address funding received from other pandemic related relief packages. There were also sector-specific challenges. For the processing sector and for-hire industry, DMF had incomplete activity level data and it could be difficult to calculate and scale payments. For the aquaculture sector, there was interest in using funds to purchase this year’s crop from growers and re-purpose those living shellfish to seed publicly available beds, although funds may be insufficient to accomplish this.

Industry members provided useful feedback on various subjects and challenges. Laura Ramsden indicated that seafood processor payments could be scaled based on the size of business as determined by the number of employees. Tory Bramante, Dan Orchard, and Laura Ramsden discussed other federal relief programs and the need to distinguish between direct relief payments and business loans. This led to some questions on ineligibility and how certain sectors allocations may be underutilized. Ed Barrett and Beth Casoni highlighted concerns about the seasonality of the state’s fisheries and how this may result in some potentially affected fishermen not qualifying based on the March 1 – June 30 eligibility criteria. There was

also some discussion regarding self-attestation for determining loss and acceptance of other sources of CARES relief.

Next Steps

DMF will create working groups for each of the four sectors to develop sector specific spending plans. The working groups will consist of the advisory panel members from that sector, as well as additional industry representatives. DMF staff will chair these working groups. The working groups will meet over the next two-to-three weeks, with the goal of having a formal programmatic spending plan for the advisory panel to vet by the end of the month. Once reviewed by the advisory panel, DMF would submit the plan to NOAA Fisheries and begin the application process.