

**Disaster Relief for the Northeast Atlantic Herring Fishery via 2019
Additional Supplemental Appropriation for Disaster Relief Act (P.L.
116-20)**

**Massachusetts' Spending Plan for Impacts of the 2019 Atlantic Herring
Fishery Disaster**



Project and Budget Narrative

Disaster Relief for the Northeast Atlantic Herring Fishery via 2019 Additional Supplemental Appropriation for Disaster Relief Act (P.L. 116-20)

Organization: Massachusetts Division of Marine Fisheries (MA DMF)

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Project Title: Massachusetts Spending Plan for Impacts of the 2019 Atlantic Herring Fishery Disaster

Project Objective: Disburse Massachusetts' allocation of federal fisheries relief provided through the 2019 Additional Supplemental Appropriation for Disaster Relief Act (P.L. 116-20) to eligible Massachusetts herring fishery participants.

Project Period: This project will begin as soon as funds become available for disbursement, as agreed upon by the Atlantic States Marine Fisheries Commission (ASMFC); through funds exhaustion, a date no later than December 31, 2023.

Project Summary: MA DMF proposes to disburse approximately \$3.2 million in federal fisheries relief to eligible Massachusetts herring fishery participants in the form of direct payments. Funding for this program was allocated by the 2019 Additional Supplemental Appropriation for Disaster Relief Act (P.L. 116-20).

The Massachusetts program will allocate funds to two sectors as financial relief to compensate for losses due to stock declines and quota reductions: Commercial fishing vessels and Wholesale Dealers (primary buyers). Allocated funds will result in direct payments to eligible participants. Some administrative funds will be spent by MA DMF to execute the program.

Project Budget: \$3,180,200

Date Submitted: October 14, 2022

PROJECT DESCRIPTION

Background

In 2020 several Northeastern states, including Massachusetts, made a request to the U.S. Secretary of Commerce that a fishery disaster occurred for the 2019 Atlantic herring fishery. The U.S. Secretary of Commerce worked with NOAA Fisheries to evaluate the fishery disaster requests based on data submitted and on whether specific requirements were met under the Magnuson-Stevens Fishery Conservation and Management Act and/or the Interjurisdictional Fisheries Act, such as causing economic impacts to a commercial fishery and declines in fishery access or available catch resulted from specific allowable causes. The result was a positive determination which made this fishery eligible for disaster assistance from NOAA Fisheries.

In 2021, the federal government provided \$150 million in fisheries disaster assistance through the 2019 Additional Supplemental Appropriation for Disaster Relief Act (P.L. 116-20). In 2022, NOAA allocated \$11,247,893 of these funds to respond to the impacts of the 2019 Atlantic herring fishery disaster in the northeast, of which Massachusetts was allocated \$3,180,200 of these funds.

The Massachusetts program will allocate funds to two sectors as financial relief to compensate for losses due to stock declines and quota reductions: Commercial fishing vessels and Wholesale Dealers (primary buyers). Allocation of available funds shall be 60% to eligible vessels (individuals or entities who are involved with the herring fishery and own a vessel) and 40% to eligible wholesale dealers. Allocated funds will result in direct payments from MA DMF to eligible participants. Some administrative funds will be spent by MA DMF to execute the program (0.5% of the allocated funds). MA DMF will work with the Atlantic States Marine Fisheries Commission (ASMFC) to carry out all requirements of federal funds distribution for this relief program.

Project Goals and Objectives

Goals:

MA DMF intends to completely disburse Massachusetts' allocation of federal Atlantic herring disaster relief to eligible Massachusetts fishery participants negatively affected by stock declines and quota reductions no later than December 31, 2023.

Objectives:

- Notify all permit holders of their potential eligibility based on available statistics (landings) and verify through self-attestation the accuracy of landings.
- Qualify eligible vessels and wholesale dealers who participated in the Atlantic herring fishery from 2014-2018, through an application response to MA DMF.
- Review all initial and appellate applications for eligibility before determining a percentage payout amount based on available funds and attested landings.
- Determine payment amounts for each eligible vessel and/or wholesale dealer and make each of the relief recipients a state vendor so that direct payments can be made via EFT from MA DMF.
- Submit final progress and financial reports to ASMFC as required.

STATEMENT OF WORK

Approach

MA DMF proposes to manage the 2019 Atlantic herring disaster relief funds using many of the same strategies we have successfully used in prior relief programs. We will use a directed application process to identify potentially qualified applicants, using statistics as attested to by the applicant to confirm their basis of payment. The application process will have a specified deadline with subsequent appeals period where upon appeals will be approved or denied prior to payment calculation. Using information from the approved application responses, MA DMF will determine payment amounts for each eligible applicant. The purpose of these funds is to support 2019 economic losses within the Atlantic herring fishery and relief payments shall be directed to those showing the greatest loss, at a scaler level. MA DMF supports direct payments as the best mechanism to address this fishery disaster. Commercial herring vessels and wholesale dealers have had huge economic losses from quota reductions and are at risk of fleet reduction or wholesale dealer infrastructure loss. Direct payments will infuse their businesses and maintain the local fishing community while stock assessments and quota management are assessed for future fishing years.

Proposed Spending Plan

Through the 2019 Additional Supplemental Appropriation for Disaster Relief Act (P.L. 116-20), MA DMF intends to disburse \$3,164,140 in fisheries disaster relief via direct payments to eligible fishery participants. All recipients shall meet the below eligibility requirements for either a commercial harvest vessel or wholesale dealer, as it relates to the Atlantic herring fishery.

Eligibility

Commercial Harvest Vessels:

Individuals or entities who own a vessel(s) who have a current commercial permit in Massachusetts authorized to land sea herring with a sea herring endorsement and have a history of landings in Massachusetts during the five-year (2014-2018) time period as evidenced by official landings records held by MA DMF or the National Marine Fisheries Service (NMFS).

- Any vessel owner that no longer holds the state or federal herring permit (vessels that have left the fishery) will be excluded.
- If ownership changed during the time period (2014-2018), the most recent owner would be the eligible recipient.

Wholesale Dealers:

Wholesale seafood dealers who have a current Massachusetts wholesale seafood dealer permit.

- Permitted wholesale seafood dealers that are also primary buyers of sea herring and have had a history of sea herring purchase during the five-year period (2014-2018) as evidenced by official landings records held by MA DMF or NMFS.
- Any dealer that does not have a facility to process or store fish in Massachusetts will be excluded.

State or Federal Violations:

Qualification for funding if (commercial harvest vessels or wholesale dealers) received violations from state or federal, or pending fisheries violations or litigation in any jurisdiction:

- Not had any state or federal reporting deficiencies or inaccuracies during landing years between 2014 and 2018;
- Not had any conviction for commercial fisheries violations during landing years between 2014 and 2018 from any state or federal agencies; and/or
- If pending litigation for violations, funds will be placed in escrow until disposition of any court case that will define qualification of access to funding.

Application Process

- MA DMF will mail applications to all potentially eligible applicants.
- The application process will have a specified deadline and a subsequent appeals period. Appeals will be ruled upon before payments are calculated for any vessel owner or wholesale dealer.
- MA DMF will require that all applicants must attest to the accuracy of the information provided.
 - MA DMF will provide confidential landings information directly (and only) to the permit holder.
- Only after all applications are received and appeals resolved will payments be calculated and issued. MA DMF will not payout the funds on a rolling basis.

Sector Allocations and Payment Scaling

Massachusetts is proposing that approximately 40% of the Massachusetts allocation will be directed to wholesale dealers meeting eligibility requirements; and that the remaining 60% will be directed to commercial harvest vessels meeting eligibility requirements:

- Eligible wholesale dealers will split approximately \$1,265,656 based on scaler payments
- Eligible harvest vessels will split approximately \$1,898,484 based on scaler payments

Based on applicant response, these numbers may be adjusted to best meet the economic losses of both wholesale dealers and commercial harvest vessels impacted by this fishery disaster.

Commercial Harvest Vessels:

Payments to eligible recipients will be scaled based on the applicants' aggregate reported Atlantic herring landings in Massachusetts ports as evidenced by official landings records held by MA DMF or NMFS during the five-year (2014-2018) time period. This criterion would accommodate Massachusetts homeported and/or resident-owned vessels as well as non-resident vessels.

- Any applicant whose payment does not reach a threshold of \$1,000 will be excluded.
- Any vessel owner that no longer holds the federal or state herring permit (vessels that have left the fishery) will be excluded.

- If ownership changed during the time period (2014-2018), the most recent owner would be the eligible recipient.
- Appeals for technical corrections will be allowed, but any landings data records previously signed by the applicant or their designee (under the pains of perjury) shall be considered official.
- Appeals from pair trawling vessels will be allowed if one of the vessels involved in pair trawling did not have its landings attributed to it and if those landings were attributed to the second vessel which is not eligible for funds.

Wholesale Dealers:

Payments to eligible recipients will be scaled based on the applicants' aggregate reported Atlantic herring purchases as a primary buyer in Massachusetts ports as evidenced by official landings records held by MA DMF or NMFS during the five-year (2014-2018) time period.

Payments

Once all eligible applicants have been determined, MA DMF will sign them up as state vendors to process EFT payments. MA DMF will reimburse these funds to Massachusetts by invoicing ASMFC.

Exclusions:

- Funds will not be used to compensate state, local, or tribal governments for lost municipal or government tax revenue.
- Funds will not be used to pay for losses already covered by insurance.
- Payments will not be issued to minors.

Project Management

Principal Investigator (PI) Kevin Creighton will oversee this project. MA DMF employees will provide statistics and expertise for group discussions and decision-making. A MA DMF Program Coordinator, Amanda Meri, will assist PI Creighton with applications and fishery participant information. PI Creighton will work directly with Laura Leach, ASMFC Director of Finance & Administration, to coordinate reporting and reimbursement from ASMFC, based on MA DMF's final decisions for eligibility and sum payment. After funds distribution, MA DMF will submit to ASMFC a final report to document distribution of this relief program.

Expected Benefits

The Atlantic herring fishery plays a substantial role in Massachusetts' overall economy, especially as it relates to local communities, secondary fisheries, and consumer markets. As this fishery experienced stock declines and quota reductions, this fishery was left at a standstill and effected the economic supply chain that followed. These disaster relief funds will help maintain the local fishing community while stock assessments and quota management are assessed for future fishing years, reducing the probability of fleet reduction and infrastructure loss.

PROJECT BUDGET

MA DMF Atlantic Herring Disaster Relief Budget			
	Rate	Quantity	Cost
a. Personnel			\$9,667
Program Coordinator I		9 weeks	\$9,667
b. Fringe Benefits			\$3,997
Fringe on straight salary	39.50%		\$3,818
Payroll Taxes on salary	1.85%		\$179
c. Travel			\$0
d. Equipment			\$0
e. Supplies			\$0
f. Contractual			\$3,164,140
Direct payments to relief recipients			\$3,164,140
h. Other			\$0
i. Total Direct Charges			\$3,177,804
j. Indirect (personnel only 24.79%)			\$2,396
k. Totals			\$3,180,200

a. Personnel \$9,667

MA DMF is requesting \$9,667 for approximately nine weeks of salary time for Program Coordinator Amanda Meri to assist PI Kevin Creighton in mailings, receipt of applications, organization of eligible fishery participant information, and final determination correspondence for these relief funds.

b. Fringe Benefits \$3,997

MA DMF is requesting \$3,997 to cover fringe benefits associated with the personnel request. The MA DMF FY23 fringe rate of 39.5% and additional payroll tax rate of 1.85% are applied to full time personnel salary. The fringe rate includes the costs for Group Insurance, Retirement, and Terminal Leave. The payroll rate includes the costs of Unemployment Insurance, Universal Health Insurance, Medicare, and Paid Family Medical Leave.

c. Travel \$0

d. Equipment \$0

e. Supplies \$0

f. Contractual \$3,164,140

MA DMF will make direct payments to eligible recipients qualified under the Massachusetts Atlantic herring disaster relief program. Payments will be made according to the spending plan detailed in the project's Statement of Work.

g. Construction \$0

h. Other \$0

i. Total Direct Costs \$3,177,804

j. Indirect \$2,396

MA DMF is requesting \$2,396 to cover indirect costs associated with the personnel request. MA DMF has a federally-negotiated modified total direct cost indirect rate of 24.79% applicable to personnel costs. A copy of this rate agreement is attached.

k. Total Project Costs \$3,180,200