

Project and Budget Narrative: 2020 COVID-19 South Carolina CARES Fisheries Relief Funding Proposal



SCDNR CARES Fisheries Assistance Program (2020)

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Objective

The primary objective of the SCDNR CARES Act Fisheries Assistance Program is to distribute the available relief money directly to qualified commercial fishermen and aquaculture operations, wholesale seafood dealers and recreational for-hire (charterboat) fishing businesses that have been impacted by the COVID-19 virus. The methodology in the following Detailed Spend Plan, once reviewed and approved by NOAA, may be used for any future funds appropriated by Congress for the same purpose.

Project Details

On 7 May, 2020, the Secretary of Commerce announced the allocation of \$300 million in fisheries assistance funding provided by Sec. 12005 of the Coronavirus Aid, Relief, and Economic Security Act, also called the CARES Act, to states, Tribes, and territories with coastal and marine fishery participants who have been negatively affected by COVID-19. NOAA fisheries developed an allocation plan for each state based on relative commercial landings value for each state from the previous 5 years (2015-2019), wholesale seafood processing as well as estimated value added expenses of recreational for-hire fisheries (Appendices I, II and III). Funds will be dispersed through the three regional fisheries commissions, which for South Carolina is through the Atlantic States Marine Fisheries Commission (ASMFC). South Carolina was awarded \$1,513,451 dollars for its allocation (Appendix I) after removal of administrative fees by NOAA (~0.7%) and ASMFC (0.1%). Each state is required to develop a spending plan and eligibility process in cooperation with NOAA that meets the conditions of the CARES Act.

Eligible fishery participants include fishery-related businesses who have incurred, as a direct or indirect result of the COVID-19 pandemic, economic revenue losses greater than 35 percent as compared to their prior 5-year average revenue (2015-2019). The CARES relief money will be divided into three sectors representing the primary groups associated with commercial fisheries or fishing. These sectors are commercial fishing and qualified mariculture operations, wholesale seafood dealers, and the recreational for-hire sector (charterboats). Also as outlined in guidance from NOAA Fisheries, bait and tackle businesses, while arguably fishery related, are not eligible for aid: *"For the purposes of carrying out the provisions in Section 12005 of the CARES Act, "fishery-related businesses" should be limited to commercial fishing businesses, charter/for-hire fishing businesses, qualified aquaculture operations, processors, and dealers. Businesses farther down the supply chain—including vessel repair businesses, restaurants, or seafood retailers—are not considered "fishery-related businesses" for the purposes of this funding. NOAA Fisheries generally does not expect bait and tackle operations and gear and vessel suppliers to be eligible for Section 12005 funding."* Additionally, the state of South Carolina has no source to verify data of these types of retail businesses which would preclude any verification of loss related to fisheries. The proportions of relief money for each sector were based on the proportions NOAA

used to determine allocations within each state (Table 1). Each sector will have its own qualification criteria and evaluation process. The pool of qualified candidates will be a subset of all licensed or permitted commercial fishermen, mariculture operations, wholesale seafood dealers and recreational for hire individuals or businesses in Table 1. All commercial fishermen, aquaculture operations, wholesale seafood dealers and recreational for-hire businesses are able to be tracked through monthly reports required by law that will allow verification of both participation in their particular fishery as well as their general activity level within the commercial fishing business. Only mariculture businesses operating in marine and estuarine waters of South Carolina are considered qualified aquaculture operations. These businesses operate under commercial fishing licenses and many are also licensed wholesale seafood dealers. As such, their operations and sales are tracked through the wholesale seafood dealer reporting system. Freshwater aquaculture operators in South Carolina are regulated under the department of Agriculture (SCDOA) and are eligible for relief funds under a separate section of the CARES Act covering agriculture through the USDA.

Table 1. Direct payment categories and proportions by sector for South Carolina CARES Relief Funds and the potential pool of qualified applicants (Appendix II).

| Fishery Sector | Proportion of CARES Relief Funds¹ | Total Number² of Licensed, Leased, or Permitted Participants or Businesses during March 1 to June 30, 2020 |
|---|---|--|
| Commercial Fishing & Qualified Mariculture Operations | 45.2% | 406 Commercial Fishing Licenses 20 Mariculture Operations |
| Wholesale Seafood Dealers | 8.4% | 171 Wholesale Seafood Dealers |
| Recreational For Hire Fishing Businesses | 46.4% | 482 Licensed For-Hire Charter Businesses |

¹Proportion of Total provided by NOAA allotment scheme (Appendix II)

²The number of potential candidates pool is a preliminary estimate of all licensed individuals or businesses, the final qualified group of candidates will be significantly smaller

The South Carolina fishing and seafood industries suffered from the effects of the COVID-19 pandemic. General orders for South Carolina, and other states, to close restaurants, major food distribution vendors, and other businesses dramatically reduced or eliminated operations in many of the seafood markets and other distribution centers, leading to sharp declines in demand across the supply chain. This reduction or elimination greatly affected commercial fishermen, aquaculture operations, and seafood dealers. Value of the harvested product decreased, and some products were not able to be distributed to a market. Seafood distribution in South Carolina is anchored on the ability to provide fresh product to markets, especially to the restaurant industry. The effects of some of these closures were felt immediately by seafood businesses. Some businesses have been able to find new markets, but the value of some products is still low compared to previous years which has caused financial hardships for these businesses.

The recreational for-hire marine fishing industry suffered from lost revenue. Stay-at-home orders and social distancing made the operation of these businesses difficult. Travel restrictions hindered the ability to book new trips and many pre-booked trips were canceled. The need to adhere to social distancing standards significantly diminished for-hire businesses. Reduced income or job loss in the recreational for-hire customer base also likely contributed to the decline in the for-hire fishing industry and has resulted in economic hardships. For these reasons and others, the public has not participated in for-hire fishing activities as much as previous years.

Process and Budget Outline:

The SCDNR will administer the determination of eligibility, evaluation and (if necessary) the appeals process for all qualified candidates with remuneration in the form of direct payments coming from the ASMFC. All payments made by the ASMFC to qualified and approved candidates will be authorized at the direction of the SCDNR. *Important note:* All recipients of CARES Act relief funds will also receive a 1099 form from ASMFC at the end of the calendar year as this money IS TAXABLE and the IRS will be notified of all candidates receiving these relief funds. All approved eligible candidates forwarded to ASMFC for payment will include tax identification numbers (SS or FEIN) from SCDNR licensing records. The amount of potential losses from COVID-19 impact may exceed the amount available in the CARES relief funds and candidates should only expect to receive a proportion of their potential economic losses.

A total of \$1,513,451 in CARES Act funds were designated for South Carolina. SCDNR Administrative fees totaling \$30,269 as well as a 10% holdback for appeals (\$151,345), result in a final allotment of \$1,331,837 to provide direct assistance to the different fishery sectors (Table 2). Direct assistance will be provided to South Carolina residents falling into one of the following three categories: 1) commercial fishermen and marine aquaculture operations 2) wholesale seafood dealers, and 3) the recreational for-hire fishing industry.

Table 2. Allocation of funds per affected stakeholder category based on stakeholder’s ratio of contribution.

| Fishery Sector | Proportion of Total¹ | Fund Allocation |
|---|--|------------------------|
| Commercial Fishing and Mariculture Operations | 45.2% | \$601,990 |
| Wholesale Seafood Dealers | 8.4% | \$111,874 |
| Recreational For Hire Businesses | 46.4% | \$617,972 |
| Total | 100% | \$1,331,837 |

¹Proportion of Total provided by NOAA allotment scheme (Appendix II)

The evaluation process will begin once the project spending plan is approved by NOAA. For the purposes of this Program, the impact period for COVID-19 in South Carolina is from 1 March, 2020 to 30 June, 2020. This time period coincides with the time period of enforced closure of non-essential businesses, required social distancing requirements, travel limitations, and a significant decline in the demand for fresh seafood products and services. Eligibility for CARES relief funds will be determined by SCDNR based on monthly reporting from Wholesale Seafood Dealer Reports (commercial, mariculture, and wholesale dealer sectors) as reported landings values, and from the monthly Charter Logbook Reports (recreational for-hire sector) based on trip volume for the time period from 1 March to 30 June, 2020. These records will be available to SCDNR beginning in mid-July and final determinations on eligibility and potential relief amounts will be made by the end of August 2020.

The scope of this project will cover only South Carolina residents who are 18 years old or older, or resident business entities. Candidates will be eligible for funds in South Carolina under one of the fishery categories only and cannot receive funds from multiple categories. SCDNR will notify all candidates on their eligibility status based on available monthly reporting data (wholesale seafood dealer reports or charter logbook reports) before any funds are issued to any eligible candidate within a sector. Following notification of anticipated individual disbursement, candidates will be required to submit an appropriate certification of eligibility (included with the notification) to SCDNR within 30 days in order to receive funds. A candidate may either accept the proposed disbursement amount or appeal the proposed disbursement within 30 days. The intent is to resolve potential discrepancies or claim disputes (i.e., appeals) from claimants before any funds are issued. Any appeal funds not used will be distributed across all eligible candidates after all appeals have been concluded.

Project Budget Sectors:

Commercial Fishermen and Qualified Aquaculture Operations: (\$601,990)

In order to qualify for CARES Act relief funding, Commercial Fishers and Aquaculture Operations must meet all of the following qualifications:

1. Is currently a permitted/licensed resident commercial fisherman or a mariculture business in the state of South Carolina (as referenced in the *Project Details Section* above) during the COVID-19 impact period (1 March through 30 June, 2020); and
2. Has maintained a commercial fishing license or permit for at least two of the five previous years before 2020 (2015-2019) as evidenced by license records or recorded activity in the monthly wholesale seafood dealer reports with corresponding fishermen, vessels and dealers; and
3. Has suffered an economic loss of at least 35% from the previous 5-year average (2015-2019) in earnings or landings value from 1 March through June 30, 2020. This is the minimum loss required under the CARES Act. Proof of economic loss will be determined by SCDNR through wholesale dealer report records for the COVID-19 impact time period (1 March through 30 June, 2020) of landings values with the previous 5 year average landings value from 2015-2019. This time frame is the same utilized by NOAA to determine state and sector allotments.

SCDNR will make payments available to resident South Carolina commercial fishermen and aquaculture operators who are commercially permitted/licensed during the COVID-19 impact period (1 March through 30 June, 2020) that are deemed eligible by SCDNR via the above criteria. Actual payments will be handled through the ASMFC at the direction and designation of SCDNR. South Carolina's monthly wholesale dealer report data will be used to determine eligibility for payment of relief funds. Dealer report data can identify aquaculture operations or commercial fishing permit holders as well as vessel information thereby making eligibility verifiable. Only currently available data from the monthly wholesale dealer reporting database will be used to determine the average landings value for March through June of 2015-2019. Eligibility and economic loss will be determined by comparing landings values for the COVID-19 impact period (1 March through 30 June, 2020) with the average landings value for March through June of 2015-2019.

For those candidates deemed eligible, payment amounts will be determined by pro-rating the number of years fished and the average value of reported landings for 2015- 2019 as a weighted proportion of the total eligible candidate pool that will then be applied to the amount of award money available in this sector. For example: if the weighted proportion of a licensed commercial fisher was 0.0103, this would be

multiplied by total amount available within that sector (\$601,990) and the award amount would be \$6,200. The minimum value of relief distributed to a validated application will be \$100 even if claim is determined to be less than \$100. There will also be a maximum value of relief that will be distributed. The maximum value will be determined once all eligible candidates in each sector are determined. Please note, the demonstrated need may far exceed the funds available for disbursement. After applications have been verified, recipients will be notified of their payment amount and given 45 days from the date of mailing to accept relief award amount or appeal. If a candidate decides to appeal their relief payment amount, they must submit any documentation or records that support the appeal (such as tax records that indicate income from commercial fishing landings in South Carolina or their copies of Wholesale Dealer reports of landings that show receipt of catch) and a written justification for appealing their award. No appeals will go above the maximum allowed relief payment. Appealing the relief amount will also extend the amount of time required to receive relief funds, thus delaying eventual payment. Relief candidate appeals will be reviewed in a similar format as the original applications in addition to taking into consideration the supporting documentation and the written justification for the appeal. All decisions rendered in the appeal process are final. After all appeals, if any, have been resolved, ASMFC will be notified so that payment can be issued to the candidate.

SCDNR staff will use mandated records of commercial fishing activity to determine eligibility and guide disbursement of funds. The SCDNR commercial fishing records are required by law and regularly submitted in the ordinary course of business by licensed commercial operations potentially eligible for funding under this Program. It will be incumbent upon the candidate to supply all supporting documents when resolving a dispute.

Wholesale Seafood Dealers: (\$111,874)

In order to qualify for CARES Act relief funding, Wholesale Seafood Dealers must meet all of the following qualifications:

1. Is currently a permitted/licensed wholesale seafood dealer in the state of South Carolina (as referenced in the *Project Details Section* above) during the COVID-19 impact period (1 March through 30 June, 2020); and
2. Has maintained a wholesale seafood business license for at least two of the five previous years before 2020 (2015-2019) as evidenced by license records or recorded activity in the monthly wholesale seafood dealer reports with corresponding fishermen, vessels and dealers; and
3. Can demonstrate an economic loss of at least 35% from the previous 5-year average (2015-2019) in earnings or landings value from 1 March through June 30, 2020. This is the minimum loss required under the CARES Act. Proof of economic loss will be determined by SCDNR through wholesale dealer report records for the COVID-19 impact time period (1 March through 30 June, 2020) of landings values with the previous 5 year average landings value from 2015-2019. This time frame is the same utilized by NOAA to determine state and sector allotments.

SCDNR will make payments available to resident South Carolina wholesale seafood dealers who are permitted/licensed during the COVID-19 impact period (1 March through 30 June, 2020) that are deemed eligible by SCDNR via the above criteria. Actual payments will be handled through the ASMFC at the direction and designation of SCDNR. South Carolina's monthly wholesale dealer report data will be used to determine eligibility for payment of relief funds. Dealer report data can identify fishery product source data as well as the monthly volume of business thereby making eligibility verifiable. Only

currently available data from the monthly wholesale dealer reporting database will be used to determine the average landings value for March through June of 2015-2019. Eligibility and economic loss will be determined by comparing landings values for the COVID-19 impact period (1 March through 30 June, 2020) with the average landings value for March through June of 2015-2019.

For those candidates deemed eligible, payment amounts will be determined by pro-rating the average value of reported landings for 2015- 2019 as a weighted proportion of the total eligible candidate pool that will then be applied to the amount of award money available in this sector. For example: if the weighted proportion of a licensed wholesale seafood dealer was 0.0103, this would be multiplied by total amount available within that sector (\$111,874) and the award amount would be \$1,152. The minimum value of relief distributed to a validated candidate will be \$100 even if claim is determined to be less than \$100. The maximum value of relief distributed will be determined once all eligible candidates in each sector are determined.. Please note, the demonstrated need may far exceed the funds available for disbursement. After applications have been verified, recipients will be notified of their payment amount and given 45 days from the date of mailing to accept relief award amount or appeal. If a candidate decides to appeal their relief payment amount, they must submit any documentation or records that support the appeal (such as copies of monthly Wholesale Dealer Reports) and a written justification for appealing their award. No appeals will go above the maximum allowed relief payment. Appealing the relief amount will also extend the amount of time required to receive relief funds, thus delaying eventual payment. Relief candidate appeals will be reviewed in a similar format as the original applications in addition to taking into consideration the supporting documentation and the written justification for the appeal. All decisions rendered in the appeal process are final. After all appeals, if any, have been resolved, ASMFC will be notified so that payment can be issued to the candidate.

This Program is being administered by the SCDNR staff who are most familiar with commercial fishing and SCDNR's related records which are being used to determine eligibility and amounts of funds being disbursed. The SCDNR wholesale seafood dealer records are required by law and regularly submitted in the ordinary course of business by licensed wholesale seafood dealers potentially eligible for funding under this Program. It will be incumbent upon the candidate to supply all supporting documents when resolving a dispute.

Recreational For-Hire Businesses: (\$617,972)

In order to qualify for CARES Act relief funding, Recreational For-Hire Businesses must meet all of the following qualifications:

1. Is currently a permitted/licensed recreational for-hire individual or business in the state of South Carolina (as referenced in the *Project Details Section* above) during the COVID-19 impact period (1 March through 30 June, 2020); and
2. Has maintained a recreational for-hire license or permit for at least two of the five previous years before 2020 (2015-2019) as evidenced by license records or recorded activity in the monthly Charter logbook reports; and
3. Can demonstrate an economic loss of at least 35% from the previous 5-year average (2015-2019) in number of recreational for-hire trips from 1 March through June 30, 2020. This is the minimum loss required under the CARES Act . Proof of economic loss will be determined by SCDNR by comparing charter fishery logbook report record trips for the COVID-19 impact time period (1 March through 30 June, 2020) to the average number of charter trips from the previous

5 years, 2015-2019. This time frame is the same utilized by NOAA to determine state and sector allotments.

SCDNR will make payments available to resident South Carolina individuals or businesses who are permitted/licensed for recreational for-hire fishing during the COVID-19 impact period (1 March through 30 June, 2020) that are deemed eligible by SCDNR via the above criteria. Actual payments will be handled through the ASMFC at the direction and designation of SCDNR. South Carolina's monthly charter logbook data will be used to determine eligibility for payment of relief funds. Charter logbook data can identify individuals and businesses as well as the monthly volume of business thereby making eligibility verifiable. Only currently available data from the charter logbook reporting database will be used to determine the average number of charter trips for March through June of 2015-2019. Eligibility and economic loss will be determined by comparing the number of charter logbook trips during the COVID-19 impact period (1 March through 30 June, 2020) with the average number of charter logbook trips for March through June of 2015-2019.

For those candidates deemed eligible, payment amounts will be determined by pro-rating the average number of charter trips for 2015- 2019 as a weighted proportion of the total eligible candidate pool that will then be applied to the amount of award money available in this sector. For example: if the weighted proportion of a licensed recreational for-hire individual or business was 0.0103, this would be multiplied by total amount available within that sector (\$617,972) and the award amount would be \$6,365. The minimum value of relief distributed to a validated application will be \$100 even if claim is determined to be less than \$100. The maximum value of relief distributed will be determined once all eligible candidates in each sector are determined. Please note, the demonstrated need may far exceed the funds available for disbursement. After applications have been verified, recipients will be notified of their payment amount and given 45 days from the date of mailing to accept relief award amount or appeal. If a candidate decides to appeal their relief payment amount, they must submit any documentation or records that support the appeal and a written justification for appealing their award. No appeals will go above the maximum allowed relief payment. Appealing the relief amount will also extend the amount of time required to receive relief funds, thus delaying eventual payment. Relief candidate appeals will be reviewed in a similar format as the original applications in addition to taking into consideration the supporting documentation and the written justification for the appeal. All decisions rendered in the appeal process are final. After all appeals, if any, have been resolved, ASMFC will be notified so that payment can be issued to the candidate.

This Program is being administered by the SCDNR staff who are most familiar with recreational for-hire fishing and SCDNR's related records which are being used to determine eligibility and amounts of funds being disbursed. The SCDNR charter fishing logbook records are required by law and regularly submitted in the ordinary course of business by licensed commercial operations potentially eligible for funding under this Program. It will be incumbent upon the applicant to supply all supporting documents when resolving a dispute.

Administrative Costs: (\$30,269)

The SCDNR will retain \$30,269 to offset costs for administering this Program. Those costs include staff time, supplies, and postage for administering the program.

10% Holdback for Appeals: (\$151,345)

Ten percent of the CARES award money will be held back to cover appeals. Any appeal funds not used will be distributed at the end of the program to the eligible candidates across all sectors so that all funds are exhausted and distributed to eligible stakeholders.

Expected Benefits and Evaluation of Program:

The direct payments will provide a measure of financial relief for different fishery sectors that have been negatively impacted economically by COVID-19. The program will be deemed completed upon the successful distribution of all CARES Act funds to qualified candidates.

Geographic Location

The location and scope of the project shall cover all South Carolina residents (individuals and business entities) who are eligible participants in the marine fishing industry as outlined in this proposal. The project will be administered through the Office of Fisheries Management of the Marine Resources Division of the SCDNR located in Charleston, SC.

Cost Summary

South Carolina was allotted \$1,513,451 for CARES fisheries relief after removal of administrative fees by NOAA Fisheries (0.7%) and ASMFC (0.1%).

| Description | Budget |
|--|--------------------|
| Salary contribution to existing personnel | \$26,769 |
| Supplies (printed materials and envelopes for mailing) | \$500 |
| Postage | \$3,000 |
| Subtotal of SCDNR Administrative Costs | \$30,269 |
| Direct Payments | |
| Commercial Fishing and Mariculture Businesses | \$601,990 |
| Wholesale Seafood Dealers | \$111,875 |
| Recreational For Hire | \$617,972 |
| Subtotal of Direct Payments | \$1,331,837 |
| Funding for Appeals | \$151,345 |
| Total | \$1,513,451 |

SCDNR will utilize existing Office of Fisheries Management (OFM) staff to carry out the general duties of this program. The OFM staff will include:

1. Program Coordinator (PI): 3 Month Salary: \$4388/ mo, 1 Month Fringe: \$1887/ mo
2. Administrative Assistant (1): 2 Months Salary: \$1,500/ mo. 2 months Fringe: \$645/ mo
3. Biologists (2): Biologist II, 37.5 hrs at \$30/hr plus Fringe \$484:

Fringe rate is 43% of salary on all positions for employer obligated benefits payments. Biologists will initiate the evaluation and verification of eligible candidates for CARES funds among the different sectors as well as determination of potential award amounts based on existing landings or trip data from the impact time period (March 1 – June 30 2020) using the methodology outlined in this proposal. This part of the process is anticipated to take approximately 37.5 hours of analytical work. Administrative assistant will assist with the mailing of Eligibility Notification letters and then the subsequent receiving of Eligibility Notification letters as they are returned and logged into database. Anticipated time for application processing is 10 hours a week during the 45 day period where Eligibility Notifications are being returned. Total number of notifications will be determined by the total number of eligible candidates across all sectors. Oversight of the project will be provided by the project PI (C. McDonough), the OFM Director (M. Bell) and the SCDNR Deputy Director of the Marine Resources Division (P. Maier). Some flexibility is expected in how the wages will be assigned to different personnel working on the project depending on the time and efforts needed to carry out the requirements of this project.

Project Timeline

March 2020

- The Secretary of Commerce announces the allocation of \$300 million in fisheries assistance funding provided by Sec. 12005 of the Coronavirus Aid, Relief, and Economic Security Act, also called the CARES Act, to states, Tribes, and territories with coastal and marine fishery participants who have been negatively affected by COVID-19.

April – June 2020

- Develop project proposal and spending plan for CARES relief money awarded to South Carolina

June 2020

- Proposal and budget plan submitted to NOAA for review and approval

July-August 2020

- Once approval of spending plan has been given by NOAA, the evaluation and identification of eligibility for relief funds as outlined in the proposal will be carried out by SCDNR Program Staff.
- Written notification of all eligible candidates for relief funds within the different fishery sectors by SCDNR.

August-October 2020

- Process and evaluation of any appeals on relief amount notifications
 - Applications for appeal will have 45 days from the initial mailing of all Eligibility Notifications to turn in their written justification and any supporting materials (tax records, dealer wholesale receipts, etc).
- Payments to Commercial Fishermen and qualified Aquaculture Operations
- Payments to Wholesale Seafood Dealers
- Payments to Charterboat Fishery Applicants or Businesses

Appendix I

UNITED STATES DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

NATIONAL MARINE FISHERIES SERVICE

Silver Spring, MD 20910



Mr. Robert Beal

1050 N. Highland Street

Suite 200 A-N

Arlington, VA 22201

Dear Mr. Beal,

Sec. 12005 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) authorizes the Secretary of Commerce (Secretary) to provide \$300 million in appropriated funds to assist fishery participants affected by the novel coronavirus (COVID–19). (See below for complete text). Given the definition of “fishery participant” identified in Sec. 12005 of the CARES Act, the National Marine Fisheries Service (NOAA Fisheries) used readily available total annual revenue information from the commercial fishing, charter fishing, aquaculture, and processor sectors of coastal states, Tribes, and territories to allocate Sec. 12005 funding. NOAA Fisheries also took into consideration negative impacts to subsistence, cultural, and ceremonial fisheries during the allocation process.

BACKGROUND AND PROCESS:

NOAA Fisheries has determined that the Atlantic States Marine Fisheries Commission will be a recipient of \$118,983,017 for the purpose of assisting fishery participants affected by COVID–19 in the Atlantic States. NOAA Fisheries will provide you with these funds, after we receive, review, and approve a grant application. Your grant application must reflect the appropriate use of funds and considerations as outlined here, in the allocation table (see attachment) and consistent with the requirements of the CARES Act. Your award will include a special award condition that will require you to develop a detailed spend plan for sub-awards with the states for NOAA Fisheries review before you may disburse funds to sub-awardees for the purpose of providing assistance to fisheries participants. Funds may be expended for administrative processes of the grantee, as well as to sub-awardees for the purpose of economic analyses that may be necessary for a detailed spend plan.

Section 12005 of the CARES Act defines “fishery participants” to include Tribes, persons, fishing communities, aquaculture businesses not otherwise eligible for assistance under part 1416 of title 7 of the Code of Federal Regulations for losses related to COVID-19, processors, or other

fishery-related businesses, who have incurred, as a direct or indirect result of the coronavirus pandemic:

- (1) economic revenue losses greater than 35 percent as compared to the prior 5-year average revenue (2015-2019); or
- (2) any negative impacts to subsistence, cultural, or ceremonial fisheries.

REQUIRED CONTENTS

In addition to the requirements outlined in the GrantsOnline application portal, your application for this award must:

- Describe how you will identify and determine fishery participants eligible for funding. For the purposes of carrying out the provisions in Section 12005 of the CARES Act, “fishery-related businesses” are limited to commercial fishing businesses, charter/for-hire fishing businesses, qualified aquaculture operations, processors, and dealers.
 - o NOAA does not consider businesses farther down the supply chain (e.g., vessel repair



businesses, restaurants, or seafood retailers) “fishery-related businesses” for the purposes of this funding. While NOAA Fisheries generally does not expect bait and tackle operations and gear and vessel suppliers to be eligible for Section 12005 funding, individual states, Tribes, and territories will have the discretion to determine how they will identify eligible fishery participants, consistent with the requirements of the CARES Act, in their spend plans.

- o Qualified aquaculture operations include privately owned aquaculture businesses growing products in state or federal marine waters of the United States and the hatcheries that supply them. This includes all molluscan shellfish and marine algae. Nonsalmonid marine finfish grown in marine waters not covered by USDA are also included.
 - o All eligible participants must, consistent with the requirement under Section 12005 of the CARES Act, have incurred economic revenue losses greater than 35 percent as compared to the applicable prior five year average revenue (2015-2019) or negative impacts to subsistence, cultural, or ceremonial fisheries.
 - o Entities that have been in business less than five years are still eligible for assistance. If needed, NOAA Fisheries can provide revenue loss estimates and five year average revenue estimates in each state. Participants can only be eligible for assistance from their state/territory of residence.
- Describe the main categories for funding by state as applicable (e.g., direct payments, fisheryrelated infrastructure, fishery-related education) that address direct and indirect

COVID-19 impacts to commercial fishermen, charter businesses, qualified aquaculture operations, subsistence/cultural/ceremonial users, processors, and dealers.

- Direct payments are expressly allowed by the CARES Act. However, applications must address direct payments as follows:
 - o Direct payments may not be directed to minors.
 - o Funds cannot be used to compensate state, local, or tribal governments for lost municipal or government tax revenue.
 - o Funds must be used to address fishery-related direct or indirect losses or subsistence/cultural/ceremonial impacts.

Your application should also, if applicable, identify funds available from other Federal programs for disaster relief and describe the process you use to coordinate across Federal assistance programs from multiple agencies. While eligible fishery participants under this award may apply for other Federal assistance programs under the CARES Act or other Federal programs, they should not apply to other Federal programs for assistance to address the same impacts resulting from COVID-19. Funds provided by NOAA under this award shall not be used for activities for which the recipient has received Federal or other funds. DOC will not pay for costs that are funded by other sources (Department of Commerce, Standard Terms and Conditions, Other Federal Awards with Similar Programmatic Activities, Section A.03).

As soon as possible, please have a member of your staff contact Daniel Namur from the Fisheries Financial Assistance Division to begin the grant application process via the grants.gov website. You may contact him at 301-742-7475 or Dan.Namur@NOAA.gov.

We look forward to working with you to expedite the distribution of this much needed assistance to the affected fishing industry and affiliated constituents.

Sincerely,

Paul N. Doremus

Deputy Assistant Administrator for Operations at NOAA Fisheries

Attachment:

Allocation for States

| State | Allocation |
|----------------|--------------|
| Massachusetts | \$27,808,315 |
| Florida | \$23,471,286 |
| Maine | \$20,166,476 |
| New Jersey | \$11,258,500 |
| New York | \$6,703,065 |
| North Carolina | \$5,422,195 |
| Virginia | \$4,488,859 |
| Maryland | \$4,096,267 |
| Pennsylvania | \$3,344,529 |
| Rhode Island | \$3,271,194 |
| New Hampshire | \$2,713,381 |
| Georgia | \$1,908,391 |
| Connecticut | \$1,822,587 |
| South Carolina | \$1,514,966 |
| Delaware | \$993,006 |
| Total | \$118,983017 |

Appendix II

Sec. 12005 Allocation: Sector-Based Revenues

NOAA Fisheries is providing this data for informational purposes only. Please note that states, Tribes, and territories are not obligated to utilize this data when developing their spend plans for their allocated Sec. 12005 funds. Specifically, allocated funds are not required to be distributed based on the proportions outlined below, as the number of eligible fishery participants across sectors may vary based on the CARES Act requirement that fishery participants must have incurred a 35% economic revenue loss or negative impacts to subsistence, cultural, or ceremonial fisheries in order to be eligible for Sec. 12005 funds.

Percentage of Total Annual Revenue (All Sectors)

| Entity | For-Hire Fishing | Commercial Fishing and Aquaculture | Seafood Sector | Tribal Commercial Fishing, Aquaculture & For Hire | Allocation |
|---|------------------|------------------------------------|----------------|---|--------------|
| Alaska | 5.5% | 35.2% | 59.3% | | \$50,000,000 |
| Washington | 0.6% | 67.8% | 31.6% | | \$50,000,000 |
| Massachusetts | 1.5% | 47.3% | 51.2% | | \$28,004,176 |
| Florida | 27.0% | 30.7% | 42.3% | | \$23,636,600 |
| Maine | 0.4% | 81.5% | 18.1% | | \$20,308,513 |
| California | 18.6% | 30.6% | 50.8% | | \$18,350,586 |
| Oregon | 2.1% | 45.6% | 52.3% | | \$15,982,827 |
| Louisiana | 11.4% | 74.2% | 14.4% | | \$14,785,244 |
| New Jersey | 6.0% | 64.2% | 29.8% | | \$11,337,797 |
| Texas | 10.6% | 64.3% | 25.1% | | \$9,237,949 |
| New York | 11.6% | 31.4% | 57.1% | | \$6,750,276 |
| North Carolina | 24.0% | 64.2% | 11.8% | | \$5,460,385 |
| Federally Recognized Tribes on the West Coast | | | | 100.0% | \$5,097,501 |
| Virginia | 4.9% | 52.8% | 42.3% | | \$4,520,475 |
| Hawaii | 13.8% | 69.4% | 16.8% | | \$4,337,445 |
| Maryland | 13.0% | 42.2% | 44.8% | | \$4,125,118 |
| Pennsylvania | 0.0% | 0.0% | 100.0% | | \$3,368,086 |
| Alabama | 25.9% | 46.3% | 27.7% | | \$3,299,821 |
| Rhode Island | 3.5% | 68.0% | 28.5% | | \$3,294,234 |
| New Hampshire | 4.3% | 40.1% | 55.6% | | \$2,732,492 |
| American Samoa | 0.0% | 8.0% | 92.0% | | \$2,553,194 |
| Georgia | 4.8% | 23.5% | 71.8% | | \$1,921,832 |
| Connecticut | 6.4% | 41.9% | 51.7% | | \$1,835,424 |
| Mississippi | 16.2% | 51.9% | 31.9% | | \$1,534,388 |
| South Carolina | 46.4% | 45.2% | 8.4% | | \$1,525,636 |
| Delaware | 9.1% | 50.3% | 40.6% | | \$1,000,000 |
| Puerto Rico | 20.8% | 42.1% | 37.2% | | \$1,000,000 |
| United States Virgin Islands | 27.8% | 38.4% | 33.9% | | \$1,000,000 |
| Federally Recognized Tribes in Alaska* | | | | 100.0% | \$1,000,000 |
| Guam | 0.0% | 53.1% | 46.9% | | \$1,000,000 |
| Commonwealth of the Northern Mariana Islands | 0.0% | 53.1% | 46.9% | | \$1,000,000 |

Appendix III

Allocation of Sec. 12005 CARES Act Funds *Summary of Allocation Methodology and Data*

Methodology:

To allocate the Sec. 12005 funds, NOAA Fisheries used a methodology that would meet our overriding goal to distribute the Sec. 12005 funds as quickly as possible while accounting for regional variability in the size of commercial, charter, seafood processors and dealers, and aquaculture industries.

Given the definition of “fishery participant” identified in Sec. 12005 of the CARES Act, NOAA Fisheries used readily available total annual revenue information from the commercial fishing, charter fishing, marine shellfish and finfish aquaculture, and seafood-related businesses of coastal states, Tribes, and territories to proportionately allocate the Sec. 12005 funding. NOAA Fisheries also took into consideration negative impacts to subsistence, cultural, and ceremonial fisheries during the allocation process.

Data Used for the Allocation

NOAA Fisheries used readily available multi-year averages to estimate the total average annual revenues from commercial fishing operations, aquaculture firms, the seafood supply chain (processors, dealers, wholesalers and distributors) and charter fishing businesses from each coastal state, Tribe, and territory.

In general, NOAA Fisheries used a 5 year average of annual commercial fishing revenues as a baseline for this sector. Available multi-year averages of aquaculture revenues were also captured in the estimates of average commercial fisheries revenues.

Average annual landings revenue data from Alaska, New England and Mid-Atlantic states were adjusted to attribute landings in those regions to a vessel owner’s state of residence to better reflect where fishing income accrues. These adjustments were made by determining the proportion of landings in a particular state attributed to vessel owners residing in another state and distributing revenue accordingly. A similar adjustment was also applied to at-sea processors on the West Coast but was not applied broadly to other fisheries on the West Coast or Pacific Islands, Southeast, and Gulf of Mexico fisheries, because comparable state-by-state vessel ownership data was not readily available. In addition, because those regions represent a relatively small proportion of the nation’s total commercial fishery landings revenues and are smaller in scale relative to Alaska fisheries and the West Coast at-sea processors, adjustments in those regions would not significantly impact the overall allocation across all applicable states, Tribes, and territories.

Average annual value-added estimates from the seafood sector (i.e., processors, dealers, and wholesalers/distributors) were calculated using NOAA Fisheries’ Commercial Fishing & Seafood Industry Economic Impact Model while Alaska and West Coast value added estimates were calculated from regional models. Multipliers were applied to commercial fishing and aquaculture operations

revenues to account for the value-add generated by these components of the seafood supply chain (e.g., processing crabs into crab meat). A multiplier was also applied to available multi-year averages of Tribal and territorial commercial fishing operations to account for commercial, subsistence, cultural, and ceremonial fisheries.

Furthermore, a 5 year average of for-hire angler trip expenditures was used to calculate average annual for-hire fishing revenues.

There are some exceptions where a multi-year average across all states was not available (e.g., select shellfish aquaculture) or the sources of data for an individual state or territory varied from the general data streams described above (e.g., based on data availability, for-hire revenues in Hawaii and Alaska were obtained from cost- earnings studies rather than angler expenditures.)

In addition to allocating the funds proportionately based on readily available total average annual revenue data, NOAA Fisheries established a minimum and maximum funding level that each state and territory will receive (\$1M and \$50M, respectively).