

**Section 12005 of the Coronavirus Aid, Relief, and Economic Security Act (CARES)
Aid for Marine Fishery Participants**

**Georgia Spending Plan and Budget Summary
August 2020**



Submitted by
Julie Califf
Georgia Department of Natural Resources
Coastal Resources Division
One Conservation Way
Brunswick, GA 31520
(912) 264 -7218

Project Title: Georgia Spending Plan for Aid to Marine Fishery Participants

Principle Investigator: Julie Califf

Project Objective: Disperse CARES Act aid allocated to Georgia's marine fishery participants experiencing greater than 35% revenue loss March through May 2020

Project Summary: Based upon criteria developed by the Georgia Department of Natural Resources (GADNR) and approved by NOAA Fisheries, funds will be distributed to eligible commercial harvesters, processors, aquaculturists, and for-hire guides. There are no federally recognized tribes in Georgia therefore no funds will be set aside for tribal or subsistence participants. Funds will be equitably distributed to all parties experiencing a revenue loss greater than 35% in March through May 2020 when compared to the same time period for the previous five years. GADNR will directly contact known potential applicants and send press releases and social media postings to reach any potential applicants that did not receive an application packet. Applications will be validated and applicants not meeting criteria will be notified and given an opportunity to appeal. After the application and appeals period has closed GADNR will calculate payments based on the total amount of loss and available funds. GADNR will forward recipient information and payment amounts to the Atlantic States Marine Fisheries Commission (ASMFC) for distribution. The methodology in the following detailed Spending Plan, once reviewed and approved by NOAA, may be used for any future funds appropriated by Congress for the same purpose.

Project Budget: \$1,906,483

Introduction

In March 2020 Congress authorized the Coronavirus Aid, Relief, and Economic Security Act (CARES) to provide economic assistance to American workers and businesses affected by the novel coronavirus (COVID-19). Section 12005 (a) of the act provided \$300 million of assistance to commercial fishermen, charter businesses, qualified aquaculture operations, subsistence/cultural/ceremonial users, processors, and other fishery-related businesses affected by COVID-19, which could include direct relief payments. NOAA Fisheries determined Georgia's allocation to be \$1,921,832 before Hollings and other assessments. The ASMFC will be the grantee and will distribute funds based on Georgia's spending plan.

Although Georgia's commercial fishermen, seafood dealers, seafood processors, aquaculturists, and for-hire fishermen were not required to cease operations as part of Governor Kemp's Executive Orders, these sectors still suffered economic losses. Due to market and restaurant closures both in and outside of Georgia, seafood industry participants were unable to sell their product. While some sectors can store products long-term, Georgia's crab and shellfish harvesters rely on selling fresh products. Additionally, voluntary marina closures and trip cancellations negatively impacted for-hire operators. There are no federally recognized tribes in Georgia therefore no funds will be set aside for tribal or subsistence participants.

Discussion

NOAA determined each state's allocation of aid using the for-hire fishing, commercial fishing and aquaculture, and seafood processing sectors. Of Georgia's allocation 71.8% of the total revenues across all sectors for the state were from the seafood processing sector, presumably due to the presence of two large-scale processors owned by corporations outside of Georgia. Although these processors use very little, if any, domestic products they are eligible to apply for aid under the terms of the CARES Act. Processors in Georgia are licensed by the Georgia Department of Agriculture with a license universe containing not only processors but grocery stores, small retail markets, and mobile sales. Due to the sheer number of license holders in relation to the potential applicants, GADNR will place legal ads in papers of record in the coastal region and metro Atlanta. Further, NOAA Fisheries guidance states, "Specifically, allocated funds are not required to be distributed based on the proportions outlined below...". The GADNR views "a loss as a loss" no matter the sector and opted not to divide the funds proportionally among the sectors. Instead the allocated funds will be divided proportionally to the individual rather than the sector.

As outlined in guidance from NOAA Fisheries, bait and tackle businesses, while arguably fishery-related, may be excluded, "*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.*" Given that flexibility, GADNR has chosen to exclude bait and tackle, gear, and vessel suppliers. There are hundreds of businesses that sell

fishing tackle in addition to other goods. GADNR has no source to verify data from these types of retail businesses, which would preclude verification of loss.

GADNR staff met with the 41-member Marine Fisheries Advisory Council (MFAC) on June 30, 2020 to discuss the proposed spending plan. The MFAC is composed of four advisory panels with members from all sectors of Georgia's recreational and commercial fishing interests. The option of making flat payments to all license holders was discussed but ultimately was dismissed as being problematic and unfair. Additionally, the MFAC suggested adding the month of May to the loss window which was originally proposed for just March and April 2020. GADNR agreed with the addition and included it in this plan.

The issue of aid to crew was considered thoroughly before and after the June 30, 2020 meeting of the MFAC. Some crew members are required to purchase a commercial fishing license while those who crew aboard trawl vessels holding a trawler crew license are not. Similarly, mates aboard for-hire vessels are only required to have a recreational fishing license. Also, crew may have switched employers during or across years. Attempting to equitably reach all impacted crew members is difficult at best. Ultimately, the decision was made not to provide aid to crew members.

The MFAC members supported this proposed spending plan.

Eligibility Criteria

To be eligible, applicants must meet the following requirements:

- 1) Residency: Georgia resident; and
- 2) Licensure:
 - a) Must have held a GADNR commercial fishing license (note: aquaculturists must have this license), GADNR Commercial Vessel License, GADNR saltwater guide license, GADNR seafood dealer license, or Georgia Department of Agriculture seafood dealer license, in the 2019 or 2020 license year; or
 - b) Must be a Georgia Department of Agriculture licensed seafood processor and have been in business for at least one year; and
- 3) If the applicant is a commercial seafood harvester, must have reported landings in at least one year between 2015 and 2019; and
- 4) Have suffered economic revenue losses greater than 35% in March, April, and May 2020 as compared to the same months in the prior 5-year period. Newer fishery participants with fewer than five years of activity will compare losses to the number of active years; and
- 5) Have not been made more than whole by exceeding the average revenue earned across the previous 5 years through the combination of this funding, any other COVID-19 related assistance and/or any traditional revenue.

Procedure

Georgia was allocated \$1,921,832; however, administrative fees for NOAA, ASMFC, and GADNR will reduce the available direct payment amount to \$1,873,073 (see budget).

GADNR will send an application via certified mail to known fishery participants based upon license sales and landings reports. Also, social media postings, press releases and legal advertisements in coastal and metro Atlanta newspapers will be made to alert potential eligible participants to the availability of aid.

To distribute aid as quickly as possible, GADNR will request applicants sign affidavits attesting to revenue loss as well as disclosure of other federal and/or state COVID economic relief aid. This affidavit will be part of the application package. A worksheet will be provided to record monthly revenue for March, April, and May for the years 2015 – 2020 and to help calculate the percentage of loss in 2020. Applicants will then return the worksheet, affidavit, and proof of residency in the form of a valid Georgia driver's license or Georgia ID card, to GADNR. Georgia laws defines a resident as someone having resided in Georgia for three months or more. Applicants will be given 30 days to submit their request.

Upon receiving a completed application package, GADNR staff will review applications for completeness by verifying licensure against the license database, checking that residency documents meet the requirement, and checking worksheet calculations. Incomplete applications will be returned via certified mail and the applicant will be given 15 days from the receipt date to re-submit. Ineligible applicants will receive a certified denial notification and given 15 days from the receipt date to submit an appeal. Actual dates are dependent upon approval of the spending plan by NOAA.

After the appeals period has closed, an appeals board comprised of four members of the MFAC and the GADNR Coastal Resources Division (CRD) Director will convene for one day to review supporting documents. Inordinately high losses as compared to the value of the fishery, the applicant's revenue history, or falling outside of the 95% confidence interval of all aid amounts will be verified by reported landings or through a request to examine trip records.

Aid Determination

Once all applications are received, reviewed, and verified, GADNR will record revenue loss for each eligible individual and determine the proportion each loss represents of the combined total loss of all eligible individuals. No minimum or maximum payment limits will be applied. If the total revenue loss is less than the \$1.87 million, individuals will be paid for the exact amount of their loss. If the total revenue loss exceeds the \$1.87 million, the individual's proportion will be applied to the award amount to determine aid. Upon verification and completion of appeals, recipient information including award amount will be forwarded to ASMFC for payment.

Budget

Georgia was allocated \$1,921,832; however, after NOAA and ASMFC administrative fees, \$1,906,483 remained. Additionally, GADNR will assume an administrative fee of \$33,410 thereby reducing the available assistance to fishermen to \$1,873,073.

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|--------|-----------|
| NOAA: | \$ 13,441 |
| ASMFC: | \$ 1,908 |
| GADNR: | \$ 33,410 |

GADNR Personnel: \$ 28,059

Project Lead (2 months)

2 Marine Technicians (1 month each)

Fringe = 61.884% (includes 29.454% health insurance, 7.65% FICA, 24.78 % retirement)

The project lead has to date, performed comprehensive preliminary data queries and reviews, researched, and wrote the spending plan, and created application forms. Project lead will also create outreach materials, place legal ads, review applications, provide applicant assistance, create a database of application information, manage application data, and write the final report. The marine technicians will receive and review applications for completeness, verify licensing and residency, research applicant landings history as appropriate, and provide applicant assistance.

Postage \$ 4,020
(600 certified letters @ \$6.70)

Legal Advertisements \$ 1,000

Supplies and Materials \$ 331
(paper, envelopes, mailing labels)

Total GADNR expenses \$ 33,410

Direct payments to industry: \$1,873,073

Milestone Schedule*

| | June | July | August | Sept | Oct | Nov | Dec |
|---|------|------|--------|------|-----|-----|-----|
| Drafted Plan | X | | | | | | |
| Presented Plan to MFAC (6/30/20) | X | | | | | | |
| Submitted Plan to ASMFC and NOAA (7/14/20) | | X | | | | | |
| Created Application and Outreach Materials | X | X | X | | | | |
| Receive Approved Plan from NOAA | | | X | | | | |
| Send Applications to Known Stakeholders | | | X | | | | |
| Press Release Announcing Application Window | | | X | | | | |
| Process Applications & Appeals | | | X | X | | | |
| Submit Payment Information to ASMFC | | | | X | | | |
| Payments Mailed by ASMFC | | | | X | | | |
| Report Prepared and Submitted to ASMFC | | | | | X | X | |

*Schedule is dependent upon plan approval by NOAA Fisheries