

CORRESPONDENCE TRANSMITTAL SHEET
(To be reviewed and signed by Governor Patrick)

Today's Date: October 3, 2014

From: Secretary Maeve Vallely Bartlett

Vetted by: Victoria Maguire, Director of Policy
Rosemary Powers, Deputy Chief of Staff

Re: Federal Groundfish Disaster Funding

Deadline: N/A

Return to: Victoria Maguire

Comments:

The Division of Marine Fisheries (DMF) seeks your approval to advance the distribution of federal groundfish disaster funding. Funds are divided into two phases for distribution and DMF seeks your approval to take action on both phases. Phase 1, totaling \$6.3 million, requires your approval before DMF moves forward with a cap on the total amount of disaster funds each of the federally pre-identified active commercial fishermen may receive. DMF has already distributed Phase 1 funds to approximately 163 out of 201 eligible fishermen who did not meet the cap threshold. Phase 2 requires your approval of the spending plan to distribute the remaining \$8.2 million in funds so that it can be submitted to National Oceanic and Atmospheric Administration (NOAA) for their review and approval.

*OK. Pls proceed.
Thx.*

MEMORANDUM

TO: Governor Patrick
FROM: Secretary Bartlett
DATE: October 3, 2014
RE: Groundfish Disaster Relief Assistance

PURPOSE

The purpose of this memo is to brief you on the Division of Marine Fisheries' (DMF) State Spending Plan for Massachusetts' share of the fishery disaster aid appropriated by Congress earlier this year.

BACKGROUND

On September 12, 2012, the Department of Commerce declared a groundfish disaster for the Northeast Multispecies Fishery for the 2013 fishing year in the states of Massachusetts, Maine, New Hampshire, Rhode Island, Connecticut and New York. As part of the FY 2014 federal budget, Congress approved \$75 million in fishery disaster aid, of which \$32.8 million is to be distributed as grant funds to the above states affected by the Northeast groundfish disaster.

Under the distribution plan agreed to by the New England states and the National Oceanic and Atmospheric Administration (NOAA), Massachusetts will receive a total of \$14.5 million, to be distributed in two phases: (1) \$6.3 million in direct subsidies to pre-identified active commercial groundfishermen (Phase 1); and (2) \$8.2 million to fund additional assistance strategies in a state program (Phase 2). Although the Commonwealth is receiving the majority of the disaster relief funds allocated, this amount is still not enough to make all of the potentially eligible Massachusetts groundfishermen impacted by the fisheries disaster financially whole.

In order to allocate this money, DMF must submit a spending plan to NOAA. DMF convened a diverse industry workgroup to help devise proposals for funding allocation. DMF also held four well-attended public listening sessions in the ports of Gloucester, Plymouth New

Bedford and Chatham in July. The proposals below are a result of this robust public process and have been strongly endorsed by DMF's industry working group.

Phase 1 Cap

In Phase 1, NMFS pre-identified active commercial groundfishermen through their "Moratorium Rights Identifier," a NMFS-issued number that identifies a permit holder's history and qualifies them for a specific groundfish quota. Only a single MRI can be assigned to a permitted vessel, however it is not uncommon for a single fisherman to have a common ownership interest in multiple permitted vessels that are attributed to different legal owners such as corporations.

Under Phase 1, permit holders whose vessel(s) landed at least 5,000 pounds of groundfish in any one of the past four fishing years (FY 2010-2013) are eligible to receive as much as \$32,500 for each qualifying MRI they have. Through our public engagement process, DMF has determined that because of the MRI basis, a cap on the total amount of aid that any one single entity receives will be necessary to ensure that these limited resources are distributed to the greatest number of eligible fishermen, crew and communities affected by the groundfish disaster.

In DMF's spending plan, as drafted, we stipulate that no single entity, as determined by DMF, may receive Phase 1 disaster aid in excess of an amount equivalent to \$354,198, which also translates to a payment of up to \$32,500 for 10.9 eligible MRIs attributed to a single entity. This \$354,198 cap amount represents the average, annual revenue earned by an active vessel from groundfish trips during the fishing years (FY) 2009 to 2012.

Phase 2 Aid Allocation

The \$8.2 million Phase 2 funding will be utilized to mitigate impacts to additional components of the Massachusetts groundfish fishery not previously addressed by Phase 1 aid to qualified federal permit holders. In order to do so effectively and equitably, DMF has drafted a spending plan that divides that allocation to cover the various aspects of the groundfishery, with the majority of the \$8.3-million to

be allocated for direct aid to permit holders and crew across seven main components (crew, commercial permit holders, fir-hire permit holders, shoreside assistance, appeals, sector administration subsidies and administration).

DMF intends to keep qualifying criteria consistent with Phase 1 by defining those active in the fishery through a poundage filter met in any one year. However, recognizing the groundfishery began suffering negative impacts prior to the latest limit cuts in FY2013 DMF plans to expand the reach of federal aid to include those fishermen who did not make the successful transition to catch shares back in 2009-2010—some of which were specifically identified in Governor Patrick's disaster request. DMF has devised higher and lower flat rate structure for permit holders, in order to recognize the varying impacts to components of the groundfishery, while being as inclusive as possible.

RECOMMENDATION

Phase 1

NOAA has approved DMF's Phase 1 spending plan and DMF has already made payments to 163 out of 201 eligible permittees. The remaining permittees are some that involve the cap issue (ie. have multiple eligibilities or permits) or others who have not completed their paperwork to receive payment. DMF is seeking your approval to enforce the cap and make payments to those who would exceed the cap should it not be enforced. If approved, DMF anticipates completing payments to all permittees, as long as they have completed their paperwork, by the end of October.

Please note: You may have been approached by Carlos Rafael in New Bedford regarding Phase 1 payment limits. Mr. Rafael holds 19 permits and was concerned that the rules regarding the disaster funding, which had not been implemented at the time, would limit him from participating in the program because of a preference for fishermen who own one or two boats. If you approved the proposed cap, Mr. Rafael would qualify for the maximum payment of \$354,198 or the equivalent of 10.9 permits. DMF will follow up directly with Mr. Rafael about the cap limit and how this decision was reached should you approve the recommendation.

Phase 2

DMF seeks your approval to submit its proposed spending plan to NOAA. Their approval process may take up to several months. Upon approval and transfer of funds, DMF would begin to execute payments. The current timeline aims to have initial Phase 2 payments out before the end of the 2014 calendar year.