



CARES Act Relief Round 2 for Fisheries Participants Share Amount Calculation

SPEND PLAN METHODOLOGY

The final spend plan dated October 30, 2021, for relief funds provided through the Consolidated Appropriations Act of 2021, CARES Act Section 12005 (CARES Act Round 2), allocates funds to each fishery sector based on the revenue allocation methodology used by NOAA Fisheries to allocate relief funds to Alaska, with some modifications. NOAA Fisheries allocated funds to Alaska using available revenue information for the sport charter sector (5.5%), the commercial harvesting sector (35.2%), and the seafood processing sector, which includes processors, dealers, wholesalers, and distributors (59.3%). NOAA Fisheries also considered negative impacts to subsistence fisheries during the allocation process.

The NOAA Fisheries allocation percentages were based on past revenues and not on the estimated scale of loss for each sector due to COVID-19. Therefore, the Alaska Department of Fish and Game (ADF&G) adjusted the revenue percentage allocations used by NOAA Fisheries to provide funding to the subsistence (6%) sector. In addition, ADF&G increased the sport charter allocation (27%) to help mitigate losses to that sector resulting from travel restrictions and health mandates which reduced demand for sport charter services.

Between January 1 and December 31, 2020, ADF&G had a 48% loss in sport fishing license revenue compared to 2019, nearly \$9 million in losses. This dramatic reduction in license sales is only one indication of impacts to the charter sector. The commercial harvesting (35%) and seafood processing (32%) sector allocations help mitigate loss to those sectors resulting from changes in demand and markets for commercial seafood products from Alaska.

Fisheries participants across the State of Alaska have all felt the impacts of COVID-19, whether it be reduced wholesale prices and reduction in demand due to economic shut down or sharp declines in tourism due to travel restrictions. The goal of the spend plan was to broadly distribute stimulus payments to those eligible individuals and businesses across the state during this time of need while balancing rapidity, equitability, and workload with limited resources.

SHARE CALCULATION FOR PAYMENTS

There was a total of \$39,315,305 available for direct payments to fisheries participants. Share values were calculated as follows:

$$\text{Total Allocation} \div \text{Total Number of Shares} = \text{Base Share Value (1 share)}$$

Once share values were calculated, applications were reviewed to ensure no applicants were made more than whole by the relief fund payments. If an applicant was shown to be made more than whole, the payment was reduced accordingly.

- Subsistence = \$403.57 / share.
- Sport Fishing Charter = *\$21,294.14 / share
- Commercial Harvester = *\$3,865.92 / share

*Payments were limited by the applicant's absolute revenue loss and/or "do not exceed" (DNE) amount per the federal mandate that applicants not be made "more than whole." Not a single applicant in the sport fish charter sector received exactly \$21,294.14 nor did any applicant in the commercial harvesting sector receive exactly \$3,865.92. After confirming an applicant's limiting factor, e.g., absolute loss or DNE, excess funds within a sector were distributed to qualified applicants based on the number of eligible shares within that sector until funds were exhausted. This is further demonstrated by the table and explanation shown on page 3.

CANNOT BE MADE MORE THAN WHOLE REQUIREMENT

Applicants were required to attest that the sum of relief funds received, traditional revenue in 2020, and any COVID-19 pandemic-related aid will not exceed average annual revenue earned across the previous 5 years. If it was found that an applicant would be made more than whole by a relief payment, the amount was adjusted accordingly to ensure the applicant was not made more than whole.

Cannot be made whole example: 5-year Average Annual Gross Revenue = \$50,000

- Step 1: 2020 Annual Gross Revenue (\$32,000) + Unemployment Benefits (\$5,000) = \$37,000
- Step 2: Average \$50,000 – Sum \$37,000 = 13,000 UNDER Average (eligible)

PAYMENT CALCULATION EXAMPLE TABLE

	Absolute loss	Do Not Exceed	# Eligible Shares	Total Shares	Available Funds	Price / Share	Share Price	Limiting Factor	Payment	Excess Funds	Eligible Shares	Price / Share	Additional Funds	Final Payment
				30.5	\$30,000.00	\$983.60				\$6,136.20	20.5	\$299.32		
Fisher A	\$2,500.00	\$3,200.00	7				\$6,885.20	Absolute Loss	\$2,500.00				\$0.00	\$2,500.00
Fisher B	\$7,500.00	\$10,000.00	0.5				\$491.80	Share Price	\$491.80				\$149.66	\$641.46
Fisher C	\$88,500.00	\$72,000.00	9				\$8,852.40	Share Price	\$8,852.40				\$2,693.88	\$11,546.28
Fisher D	\$6,200.00	\$1,200.00	3				\$2,950.80	DNE	\$1,200.00				\$0.00	\$1,200.00
Fisher E	\$12,500.00	\$25,000.00	6				\$5,901.60	Share Price	\$5,901.60				\$1,795.92	\$7,697.52
Fisher F	\$1,000,000.00	\$1,200,000.00	5				\$4,918.00	Share Price	\$4,918.00				\$1,496.60	\$6,414.60
							\$29,999.80		\$23,863.80				\$6,136.06	\$29,999.86

In the example above, Fisher A had seven shares, and their share price equaled \$6,885.20. However, their payment was limited to their absolute loss of \$2,500.00, and the remaining \$4,385.20 is included in the “excess funds” column. The same goes for Fisher D. In the case of Fisher D, they were limited by their DNE. This is due to the relief they received in Round 1 and/or any additional Federal COVID-19 assistance that was not repaid.

As previously described, after the initial calculation, the excess funds for both Rounds 1 and 2 were redistributed within each sector using the same methodology. In other words, money withheld from a participant’s payment due to a limiting factor was returned to the pot of money for that sector to bolster payments for the remaining applicants that did not reach the DNE threshold or another limiting factor. Looking at the example above, despite a share being worth “X” amount, not everyone received that amount. Some applicants were eligible to receive more as their absolute loss or “do not exceed” amount was more than the amount they received per their applicable shares.