



January 30, 2018

Senator Mia Costello, Chair
Senate Labor & Commerce Committee
State Capitol Room 504
Juneau AK, 99801

Re: Support for Senate Bill 112, the Workers' Compensation Reform Bill

Dear Senator Costello:

The Pacific Seafood Processors Association appreciates your leadership and the efforts of the Senate Labor & Commerce Committee to consider and move an important workers' compensation reform package for the state of Alaska and the businesses on which our economy depends. PSPA supports Senate Bill 112.

For over a century PSPA has represented seafood processing businesses and their investment in coastal Alaska. PSPA represents nine processing companies that operate remote facilities in 18 communities across Alaska. These businesses buy, process, and market fish and shellfish from every region of Alaska, and all vessel sizes and gear types. Seafood is a cornerstone of Alaska's resource economy, creating \$5.2 billion annually in economic activity in Alaska.¹ Alaska's seafood sector also directly employs more workers than any other private sector industry in Alaska, 56,800 workers on average during 2015/2016, and accounts for \$2.0 billion in labor income and 8% of total statewide employment. Rural and coastal areas are the most economically dependent on seafood, as we are the largest private sector investor in coastal communities through infrastructure, employment, and tax revenue (state and local fish taxes, sales, and property taxes).

Seafood holds significant potential for future economic benefit for the state, and investments in marketing, production, and management are recognized as the primary ways to increase value that are within Alaska's control. Increasing value spurs more investment by fishermen and processors to sustain the industry, compete globally, and preserve the thousands of Alaska jobs tied to small and large businesses dependent on seafood. Capital investments in technology, equipment, and infrastructure are key to Alaska deriving increased economic benefits from commercial fisheries; PSPA shorebased

¹2017. The Economic Value of Alaska's Seafood Industry, McDowell Group, prepared for ASMI. Sept.

processing companies alone invested a total of \$100 million per year in capital expenditures during the past five years (2012 – 2016).

Many of Alaska's processors are faced with aging infrastructure at a time when global competition in seafood markets is very strong, especially from foreign farmed products with much lower costs of production and a controlled, steady supply. We, like other Alaska employers, support workers' compensation reform as a way to make the system more cost-effective and in turn make Alaska more attractive for reinvestment, while at the same time improving outcomes for workers. We recognize the successes of other states in decreasing insurance rates, improving outcomes, and better meeting the objectives of workers' compensation, and we believe those successes can be accomplished in Alaska as well.

A few of the key elements of the reform package include:

- Requirements for objective, evidence-based treatment guidelines
- A voucher system for vocational rehabilitation to facilitate retraining
- Limits on attorney fees similar to other states
- Revises how opioids are prescribed
- Provides a fair and consistent process across Alaska for hearings

Keeping Alaska competitive requires meaningful policy reform from time to time. Improving Alaska's workers' compensation requirements stands to benefit every Alaskan employer, especially the State of Alaska. PSPA appreciates the efforts of yourself, Senator Giessel, and the Senate Labor & Commerce Committee to develop and implement a comprehensive reform for the betterment of all Alaskans.

Sincerely,



Glenn Reed
President, PSPA