



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Commercial Fisheries Entry Commission

8800 Glacier Highway, Suite 109
PO Box 110302
Juneau, Alaska 99811-0302
Main: 907.789.6160
Licensing: 907.789.6150
Fax: 907.789.6170

The State of Alaska faces a fiscal crisis which demands that all agencies be scrutinized for possible savings. The Alaska Commercial Fisheries Entry Commission (CFEC) has drawn no undesignated general fund dollars for almost a decade, operating solely on designated general funds from permit and vessel license renewal fees paid by fishermen. CFEC is committed to taking specific actions in the coming year to capture all available savings, while still independently providing excellent services and obeying our constitutional and statutory mandates to protect fundamental components of the livelihoods of Alaska fishing families and the Alaskan commercial fishing industry.

CFEC has had a static structure for decades; now is time to revisit how best to serve Alaskans. CFEC is both autonomous and fully exempt, which provides the ability to restructure operations to provide maximum value in the most cost-effective manner. **The CFEC commissioners commit to undertaking the following actions in the coming year to respond directly and concretely to recently expressed concerns.** CFEC will:

- With a budget for the 2016 Fiscal Year that retains CFEC's statutory autonomy and exempt status, employ this flexibility to promptly make changes to improve and streamline agency operations and reduce operating costs.
- Restore the Executive Director position by July 1, 2015 (sooner if possible) to work with the commissioners to chart an organizational structure which allows for the timely completion of all pending limited entry permit applications, and implementation of beneficial operational efficiencies as quickly as can be done.
- Implement policies and make adjustments to eliminate unnecessary functions and calibrate salaries and benefits to reflect current duties and responsibilities.
- Complete upgrades to the online permit renewal system and all other information technologies to ensure quality, cost-effective service to the public.
- Report on our progress to the Legislature and Executive Branch at the beginning of 2016, and request any legislation needed to enable CFEC to meet its mission and retain the essential independence to decide permit issuance and transfer applications, adopt regulatory changes, and decide other matters critical to Alaska's commercial fishermen in a legally defensible manner.

Background information.

In 1972, Alaskans voted to amend the Alaska State Constitution to authorize limited entry. In 1973, the Alaska Legislature adopted the Limited Entry Act and created the Alaska Commercial Fisheries Entry Commission (CFEC). CFEC has limited entry into 68 commercial fisheries and fully completed adjudication of applications for permanent entry permits in 57 of these fisheries. Under the Act, a fisherman can continue to fish without obtaining a permanent entry permit as long as the applicant has an application pending before CFEC or the courts. Commission decisions represent administrative law rulings that must comport with the terms of the Act as well as a voluminous and highly specific body of case law from the Alaska Supreme Court. Each decision must be crafted with great care, given that the Alaska Supreme Court has held that a reversal of a CFEC decision can be applied retroactively to re-open denied applications and allow new applicants to apply long after the original deadlines. Success in court is critical to protecting limited Alaska fisheries, and for almost 20 years CFEC has had a better than 90% success rate on its court appeals, thereby maintaining stability for permit holders.

House Bill 112 would dismantle CFEC as an independent agency and annex its functions to the Alaska Department of Fish & Game (ADF&G). From the fees it collects, CFEC generates substantial revenues in excess of its operating costs. The proposal to eliminate CFEC and eradicate the autonomy which has been the basis for all of its functions since its inception does not survive a cost-benefit analysis.

At the request of the previous Commissioner of Fish & Game, a review of CFEC's operations was conducted over a five-month period and released to the public on February 4, 2015. CFEC responded in writing two weeks later. At the request of the sponsor of legislation in the previous Legislature (that mirrored this year's HB 112) the Division of Legislative Audit began a performance audit of CFEC on January 26, 2015. The audit is underway, and is not expected to be finally completed and released before the first regular session of the 29th Alaska Legislature adjourns.

Alaska's commercial fishing industry is well served by CFEC's independent administration and adjudication of final decisions on limited entry permits now and in the future. The permanent and emergency transfer of limited entry permits must be adjudicated independently of political agendas. The research and analysis performed by CFEC for the Alaska Legislature, the Board of Fisheries, other governmental and non-governmental entities, and individuals must be independent to ensure the provision of objective, reliable information to support sound policy choices.