

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES**

January 31, 2013

10:02 a.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Eric Feige
Representative Lynn Gattis
Representative Craig Johnson
Representative Jonathan Kreiss-Tomkins

MEMBERS ABSENT

Representative Bob Herron
Representative Kurt Olson

COMMITTEE CALENDAR

OVERVIEW: UPDATE ON THE UA FISHERIES~ SEAFOOD~ AND MARITIME
INITIATIVE

- HEARD

OVERVIEW: SHORT TERM COMMERCIAL CREW MEMBERS LICENSE

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

PAULA CULLENBERG, Co-chair
Fisheries, Seafood, and Maritime Initiative (FSMI);
Director, University of Alaska Fairbanks (UAF)
Sea Grant Marine Advisory Program
Fairbanks, Alaska

POSITION STATEMENT: Participated in the overview of the update
on the University of Alaska (UA) FSMI.

VINCE O'SHEA, Member, Industry Advisory Committee (IAC)
Fisheries, Seafood, and Maritime Initiative (FSMI);
Vice President, Pacific Seafood Processors Association (PSPA)
Juneau, Alaska

POSITION STATEMENT: Participated in the overview of the update on the University of Alaska (UA) FSMI.

JULIE DECKER, Member, Industry Advisory Committee (IAC)
Fisheries, Seafood, and Maritime Initiative (FSMI);
United Fishermen of Alaska (UFA);
Development Director,
Alaska Fisheries Development Foundation (AFDF)
Wrangell, Alaska

POSITION STATEMENT: Participated in the overview of the update on the University of Alaska (UA) FSMI.

RICK CAULFIELD, Member, Working Group
Fisheries, Seafood, and Maritime Initiative (FSMI);
Provost, University of Alaska Southeast (UAS)
Juneau, Alaska

POSITION STATEMENT: Participated in the overview of the update on the University of Alaska (UA) FSMI.

DR. MILO ATKINSON, PhD, Professor of Fisheries
University of Alaska Fairbanks (UAF)
Fairbanks, Alaska

POSITION STATEMENT: Responded to questions, during the FSMI overview.

KEVIN BROOKS, Deputy Commissioner
Alaska Department of Fish & Game (ADF&G)
Juneau, Alaska

POSITION STATEMENT: Responded to questions during the FSMI overview and provided the overview on the short term commercial crew member license program, on behalf of ADF&G.

ACTION NARRATIVE

[10:02:33 AM](#)

CHAIR PAUL SEATON called the House Special Committee on Fisheries meeting to order at 10:02 a.m. Present at the call to order were Representatives Seaton, Kreiss-Tomkins, Gattis, Johnson, and Feige.

[10:03:05 AM](#)

OVERVIEW: UPDATE ON THE UA FISHERIES, SEAFOOD, AND MARITIME INITIATIVE

CHAIR SEATON announced that the first order of business would be an update on the University of Alaska (UA) Fisheries, Seafood, and Maritime Initiative (FSMI).

10:05:29 AM

PAULA CULLENBERG, Co-chair, Fisheries, Seafood, and Maritime Initiative (FSMI); Director, University of Alaska Fairbanks (UAF) Sea Grant Marine Advisory Program, said the Fisheries, Seafood, and Maritime Initiative (FSMI) is a collaborative plan between the industry, five state agencies, and the University of Alaska (UA). The 27th Alaska State Legislature acknowledged the graying of the Alaskan fishing fleet, and passed HCR 18 proclaiming intent to avail opportunities for a new generation of fishermen. The university was encouraged to facilitate an effort to address and strategize what could be done to help ensure that the current fisheries, seafood, and maritime (FSM) workforce would remain viable and strong. In response, the university facilitated two large industry gatherings in the last year, scoping out the complex workforce that surrounds the industry. She pointed out that nearly every coastal city and village has some connection to an aspect of the industry, and additionally, a significant percentage of the workforce is self-employed small businesses. The university was asked to establish an advisory committee to work closely on the effort, which the UA President, Pat Gamble, accomplished in November, 2012. She directed attention to the committee packet and the handout titled, "University of Alaska Fisheries, Seafood & Maritime Initiative (FSMI) January 2013 Update," to point out the membership of the Industry Advisory Committee (IAC), which includes: fisheries, seafood and maritime industry official representatives; Alaska Department of Fish & Game (ADF&G); Department of Labor & Workforce Development-Alaska Workforce Investment Board (DOLWD-AWIB), Department of Transportation & Public Facilities (DOT&PF); Department of Education and Early Development (EED); and the Department of Commerce, Community & Economic Development (DCCED). She stressed that this is an industry driven, collaborative effort. Facets for consideration include education and training opportunities and a statewide workforce development plan. Similar approaches have been undertaken and proven helpful for supporting other Alaskan industries such as in the areas of health care, oil and gas, and mining. The university is currently facilitating the effort but is essentially a partner in carrying out the plan. A skilled workforce is essential to the Alaskan economy and benefits the employers, employees, and creates successful businesses. The intent is to focus on career level, highly skilled occupations

in the FSM industry with the expectation to increase resident employment.

[10:10:42 AM](#)

VINCE O'SHEA, Member, Industry Advisory Committee (IAC), Fisheries, Seafood, and Maritime Initiative (FSMI); Vice President, Pacific Seafood Processors Association (PSPA), underscored the scope of the seafood industry in Alaska, and said there are nine PSPA organizations which have invested hundreds of millions of dollars in Alaska and collectively participate in nearly 100 percent of the state's commercial fisheries. More than 70 percent of the harvest is purchased/processed by PSPA member companies. He made three points to stress the importance of the seafood industry in Alaska: approximately 100 processing plants operate and sustain the economic backbone of many coastal communities; creation of markets for fishermen harvests and industry related jobs for Alaskans; and production of quality food for the local, national, and world markets; routinely setting export records. The PSPA members want and require a high quality workforce to maintain a competitive edge on the seafood markets. He acknowledged the greying of the fleet and opined that the next generation needs to be prepared to take advantage of the FSM employment. The jobs that are being offered are available now and do not require coastal residents to relocate for hiring purposes. The joint FSMI partnership has been committed to by PSPA and the key issue is establishing the requirements that will provide the highest benefit of the available training and educational resources. Many of jobs offer high end wages and year around positions which PSPA would like to see held by Alaskans.

[10:13:44 AM](#)

JULIE DECKER, Member, Industry Advisory Committee (IAC), Fisheries, Seafood, and Maritime Initiative (FSMI); United Fishermen of Alaska (UFA); Development Director, Alaska Fisheries Development Foundation (AFDF), offered insights as a fisherman and industry advocate, stating that the initiative is an important support for the fishing fleet. She said key to understanding the need for this type of approach is to realize the difference in what is required in the industry today. Changes that have evolved have made it different for the new generation entering the trade, including permit requirements; diversification of effort; high, upfront capital investment levels; and knowledge of small business operations. She pointed

out that the maritime industry is rebounding in the coastal communities in new ways and creating job growth, such as boat building and maintenance facilities. It is important to plan to provide training in the necessary skills, she opined, and it is an important time to be taking this step to support the industry.

[10:16:57 AM](#)

RICK CAULFIELD, Member, Working Group, Fisheries, Seafood, and Maritime Initiative (FSMI); Provost, University of Alaska Southeast (UAS), said the goal is to have this program become as effective as other industry driven initiatives. Skill sets and certifications for open positions are being catalogued to enable development of appropriate credentials to ensure that graduates are on track to fill the gaps in the industry. Precedent for this approach has successfully been set through the efforts to support other industry. He reported that he was a participant on the workforce development plan for the North Slope, when requirements were identified and classes established for training process technicians. Similarly, a sector by sector analysis was accomplished with the health care industry, working with hospitals around the state to double the number of Alaskans in the nursing profession. Through a collaborative approach, meaningful results can be anticipated, he opined. He noted that the process is on target with regards to UA President Gamble's strategic direction initiative. Establishing a productive partnership, with the various Alaska public and private industries throughout Alaska, is one of the themes the president has identified as a goal for the university. The advisory group has received critical feedback and is in the process of accumulating occupational data from all three sectors. Further, hard to fill positions and required skill sets, or certification needs, are also being identified. As the data is analyzed, the information will be made available for public comment and review. The goal is to have a workforce plan in place by November, 2013, and begin the process of creating priorities in the university system and allowing students to begin a successful course of study. He drew attention to the final page of the committee handout, titled "Fisheries, Seafood & Maritime Initiative (FSMI) Towards a strong and sustainable fisheries, seafood & maritime workforce in Alaska," to point out the request to the legislature for an FSMI operating budget of \$396,800 for fiscal year (FY) 14. He said this increment will fund five items that FSMI has identified, which are: the Alaska Young Fishermen's Summit - an opportunity for young people to learn about the complexities of the fishery and how to

become successful in that arena; the statewide delivery of the one and two year certificate programs and Associate of Applied Science (AAS) in Fisheries Technology degrees, which the UAS offers, and is expanding in partnership with community campuses in Prince William Sound (PWS), Kodiak, and Bristol Bay; the Alaska Seafood Processors Leadership Institute - a pilot program educating young people about the global markets, and which should be sustained and made permanent; and Marine Technologies Training via distance learning to community campuses. Finally, he added that a \$3.1 million Chinook salmon research request has been submitted in the capital budget.

10:23:06 AM

CHAIR SEATON noted that the legislature has provided an expansion of the corporate tax credit system, due to sunset in FY 13, which allows investment tax advantages for 50 percent of the first \$100,000 and 100 percent of the second \$100,000 and 50 percent of the next amount up to \$5 million. He asked a series of questions for comment by panel members, to wit: the sunset of the tax credit legislation; whether industry is financially supportive of the topics to be funded in the operating budget request; and if the \$396,800 is in addition or inclusive of industry funds.

MR. CAULFIELD, speaking on behalf of the university, said that the legislation is an important means to cement partnerships with industry. As an example, he said Icicle Seafoods has provided funding for programs that are currently offered. He added that the local mining companies have become a major investor in the university programs and taken advantage of the offered tax credits. The hope would be to have this important program continued, he opined.

MS. CULLENBERG interjected that the UAF School of Fisheries has a strong, long standing partnership with the at-sea processors through the Pollock Conservation Cooperative Research Center (PCCRC).

MR. O'SHEA added that the credits from the processing industry provide about \$650,000 annually for education, tax credits, and contributions to the A. W. "Winn" Brindle Memorial Scholarship Loan Program, which was originally established by the processors. The intention is to continue program support, he said.

CHAIR SEATON underscored the importance of industry providing contributions because this is an industry driven initiative. He counseled industry to consider the various mechanisms provided by the state and ensure that industry provides an equal amount of "skin in the game."

[10:28:17 AM](#)

REPRESENTATIVE FEIGE asked what percentage of the workforce benefits from the programs or institutional training versus advancement through the ranks.

MR. O'SHEA said the industry requires about 22,000 workers and offered a rough estimate that perhaps 20 percent would be high end positions requiring specific or certified training. Many of the people who are working in the entry level positions do not arrive with the goal of continuing in the industry and pursuing a career. There is current need to go outside of Alaska to fill the high end jobs, such as refrigeration technicians, technical engineers, and food safety officials. However, he said, two recent Chief Executive Officers (CEOs) attained their positions from beginning in the industry, one as an ice shoveler and the other from the processing line.

[10:31:37 AM](#)

REPRESENTATIVE JOHNSON inquired whether the \$396,800 is in the governor's budget and if the \$3.1 million is in the capital budget.

MS. DECKER said the \$396.800 is in the universities budget but not included in the governor's version that was passed.

CHAIR SEATON asked for deferral of the inquiry regarding the capital budget.

[10:32:40 AM](#)

CHAIR SEATON surmised that the capital investment required by the new generation entering the fishing trade is significantly higher today, perhaps due to permit costs, boats, and equipment. He asked whether in actuality the university training is focused on the education of businessmen/women who happen to be in fisheries.

MS. DECKER agreed that entrepreneurship is an essential aspect, but a crossover to the maritime industry is also an element.

Part of the challenge is in addressing the spectrum of opportunities in the areas, identifying overlap, and determining what is effective. She opined that the possibility for people to work their way up through the ranks remains a viable option.

MS. CULLENBERG offered a reminder to consider the broad spectrum, which includes professional development for current employees as well as for positions that may not require a degree. However, careers are available and the students need to know how to plan their school career in order to obtain their desired goals.

MR. O'SHEA reiterated that this has not been done for the seafood and maritime industries but enthusiasm can be gained by following the successful model developed for other state industries, as previously mentioned.

[10:37:34 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked what fish technician programs exist in Alaska, or other western states, and what import this type of program plays in the arena of enhancement and hatchery systems in Alaska.

MR. CAULFIELD spoke to the UAS program, which is housed in Ketchikan, although the administrative offices are being moved to Sitka to take advantage of opportunities to partner with the hatchery that is part of the Sheldon Jackson Community College. The plan is to expand the technician program throughout the state. Cooperative agreements exist, or are being pursued, to offer classes at Prince William Sound Community College, Cordova, Kachemak Bay, Kodiak, and Bristol Bay. He said this demonstrates the interest in entry level training for one and two year programs. Individuals already working in the field are choosing to advance their skill sets. He said local resources and experts are incorporated and drawn upon to tailor programs for each region and augment the basic core skills attained via on-line delivery.

[10:39:59 AM](#)

CHAIR SEATON noted that certifications are required for particular aspects of maritime work, to maintain regulatory compliance. Today, he said, a fishing vessel may have an entire wall dedicated to required postings to indicate inspections completed, drills held, plans for waste management, and certificates for appropriate compliance, among other things. He

said Alaska Vocational Technical Center (AVTEC), plays a role in boat owners meeting these types of standards. The super computer simulator system is part of AVTEC, he noted, and asked if the center is being used to full advantage.

MS. CULLENBERG said that AVTEC has been at the table and is represented by DOL on the committee. She said that strategies are still being formulated.

MR. O'SHEA, regarding using the AVTEC facilities, he opined that where ever it makes sense to do training, is where it will occur.

[10:44:40 AM](#)

CHAIR SEATON returned to Representative Johnson's budget question regarding the \$3.1 million, in the capital budget, for Chinook salmon research. Having reminded the committee earlier that finance sub-committee questions would not be appropriate at this time and that the gap analysis would be brought before the committee appropriately, he asked how the \$3.1 million integrates with the \$10 million that the governor has included in the budget for Chinook salmon research.

[10:45:19 AM](#)

DR. MILO ATKINSON, PhD, Professor of Fisheries, University of Alaska Fairbanks (UAF), responded that the gap analysis budget request was meant to be an integrated submission that incorporated research from the university and National Oceanic and Atmospheric Administration (NOAA). The university developed a plan that requires \$3.1 million and the gap analysis includes three \$10 million allocations, with \$700,000 under the label of process studies. The understanding was that the remainder of the funding would be forthcoming via the future appropriations. He opined that officials in the UA system were not completely satisfied and that is why there is a separate request in the universities budget.

[10:46:32 AM](#)

CHAIR SEATON addressed the committee handout titled "Special Publication No. 13-01, Chinook Salmon Stock Assessment and Research Plan, 2013," the "Table 1.-Average inshore and federal waters harvests and fishery-specific activities recommended to fill knowledge gaps in stock-specific harvest assessment," and

"Table 3.-Recommended activities to fill knowledge gaps that cut across Chinook salmon stocks and fisheries," to clarify whether the \$3.1 million request dovetails into any of the listed headings.

DR. ATKINSON responded that the table 3 heading, "Process Studies on the Yukon River" is inappropriately labeled and possibly misleading. The main studies are for the first two activities listed on table 3 ["Nearshore Marine Trawl Research Cruises" and "Modeling effort for Western Alaska Chinook salmon"]. The university expects to conduct the initial process studies, which would require \$700,000 of the \$10 million request from ADF&G.

[10:48:28 AM](#)

KEVIN BROOKS, Deputy Commissioner, Alaska Department of Fish & Game (ADF&G), said the governor's Chinook initiative is contemplated to be a \$30 million, five year endeavor; \$10 million is in ADF&G's current request, with the same amount for FY 15 and FY 16. It is not anticipated that the \$3.1 million request for the university would be included. How it would be split out over the years has yet to be determined. The \$3.1 million could be spread over four to five years; generally categorized as process studies. The funding will allow a collaboration of expertise from the department, university and federal agencies. Federal money is also expected to be brought to the equation, which is not part of the executive branch initiative request.

[10:50:33 AM](#)

CHAIR SEATON concluded that the university would participate to the level of the \$3.1 million, to be defined over a period of years, and that the amount is included in the governor's request.

MR. BROOKS pointed out that the university budget requests are prepared independently prior to integration.

CHAIR SEATON said it is important for the committee to understand whether these are separate budget requests for independent undertakings by different entities or an amalgamation. He stated his understanding that there are not two independent Chinook research studies being proposed.

DR. ATKINSON confirmed the chairman's understanding and said that all of the process studies will be completed with the help of ADF&G personnel.

REPRESENTATIVE JOHNSON restated his question, asking whether the \$3.1 million is included in the \$10 million.

MR. BROOKS said it is not in the \$10 million but is included proportionately in the \$30 million.

[10:53:40 AM](#)

The committee took an at-ease from 10:53 a.m. to 10:56 a.m.

[10:56:10 AM](#)

OVERVIEW: SHORT TERM COMMERCIAL CREW MEMBER LICENSE

CHAIR SEATON announced that the final order of business would be an overview of the short term commercial crew member license program, by the Alaska Department of Fish & Game (ADF&G)

[10:56:36 AM](#)

KEVIN BROOKS, Deputy Commissioner, Alaska Department of Fish & Game (ADF&G), stated that the program was created in 2005 to provide opportunities for non-residents interested in working a single commercial fishery opening for seven days or less; commonly referred to as a "dude" license. During the first five years numbers remained stable with 250-330 licenses sold, but in the last two years sales have increased to 509-542. He clarified that these numbers refer to the multiple purchases of licenses. The cost is \$30.00, meaning that a non-resident could purchase six in a season for \$180.00 rather than buying an annual, non-resident license for the \$200.00 fee; representing a loss of revenue to the state. He suggested that the price set in 2005 may have caused an unanticipated market response. Referring to the committee handout titled "Fish and Game Commercial Crew 7 Day License," he pointed out that in the 2012 season, 17 individuals purchased 6, \$30.00 licenses. The 2012 loss in revenue is easily calculated to be \$61,000 and over the life of the program the total loss has been \$285,000. He opined that this is not an insignificant amount, and said it is on the department's watch list. When it was first created it was not known to what extent the dude license would sell, but the dynamic has become evident. However, the annual sale of resident crew licenses has increased every year, averaging just

under \$10,000 annually for the last four years. He said it is speculative whether the purchasers of the multiple non-resident dude licenses would have purchased the annual license, if the choice were not available. He said that the Department of Labor & Workforce Development (DOLWD) is involved in watching this, as a share of the revenues are part of the fisherman's fund, which is essentially a workmen's compensation account for deck hands. Interestingly, he said, at lower levels, such as the purchase of three licenses, there is a loss to the fishermen's fund, but with the purchase of five or six there is a gain to the fund. He explained that this occurs because the fund contribution is 39 percent of the sale for the first \$50.00. The previously mentioned 2012 total loss of \$61,000 includes the amount that is bound for the fishermen's fund. The total annual crew license revenue is about \$2.7 million and although this represents a percentage in the low digits, it cannot be ignored.

[11:02:09 AM](#)

REPRESENTATIVE FEIGE asked if there is a resident, commercial crew member license.

MR. BROOKS replied yes, for an annual fee of \$60.00. Residents break even if they purchase two dude licenses or one annual, thus, residents do not appear to be over utilizing the opportunity.

REPRESENTATIVE FEIGE said that many of the fisheries are not continuous through the year and operate for a limited time, such as the three week harvest in Bristol Bay. He suggested offering resident/non-resident options only, which might serve to encourage more Alaskan hires.

MR. BROOKS responded that every year there is a mixture of resident and non-resident purchases and the 2012 ratio was about 50:50.

REPRESENTATIVE FEIGE inquired who is fiscally responsible for the purchase of a crew member license; the crew member or the captain.

MR. BROOKS answered that it is the responsibility of the crew member, and that the worker must report for work with a license.

REPRESENTATIVE FEIGE asked whether industry would experience a shortage of workers if only two options were to exist, and whether the money represents an issue to the workers.

MR. BROOKS said that the cost of the license does not appear to be a barrier.

[11:05:32 AM](#)

CHAIR SEATON reviewed that in 2005, the legislature enacted this measure based on a discussion which focused on providing opportunities for non-residents to dude fish and have an Alaskan experience. Law does not provide for a visitor to be a casual participant on a fishing boat; a permit is required. The expectation was to lower the \$200.00 annual fee, advertise the situation, and basically allow a tourist to casually participate in a fishery; also creating a new economic opportunity. He asked whether it has ever been advertised in this manner.

MR. BROOKS replied that nothing systematic has occurred and that the sale of these licenses was intended to create a niche market.

CHAIR SEATON stated that it is questionable whether the niche is valuable enough to override the annual loss of \$60,000 in license sales, and said the legislature will need to revisit the policy.

[11:08:01 AM](#)

REPRESENTATIVE KREISS-TOMKINS commented that a non-resident family member may be visiting and desire to participate on a troller or gill-netter. He opined that the situation is being taken advantage of, maybe not for the purpose for which it was intended, although perhaps in the same spirit. He asked about adjusting the fee of the non-resident, seven day license upward in order to shift the price point to a shorter time window.

MR. BROOKS agreed that changing the price point could prove helpful. He said if the fee was \$100.00 for a seven day permit, then rather than purchase two separate permits for \$200.00 it would stand to reason to purchase the annual permit for \$200.00 outright. It would be difficult to predict the market reaction and the department has not proposed a bill to address the situation.

REPRESENTATIVE KREISS-TOMKINS confirmed that the purchase price was specified in the original bill.

CHAIR SEATON explained the importance of understanding how the system works and the way in which the permit revenues are tied into the DOL fishermen's fund. One policy question for the committee is whether the state should provide full coverage in the event of an injury to a non-resident licensee, keeping in mind that someone just learning is the likeliest to be hurt. The annual loss of revenue is also a concern for committee consideration.

[11:12:03 AM](#)

REPRESENTATIVE FEIGE asked if a visiting family member would be a paid crew member, or volunteering.

REPRESENTATIVE KREISS-TOMKINS theorized that the help would be provided on a volunteer basis.

REPRESENTATIVE FEIGE asked if it would be possible to exempt anyone not receiving wages.

CHAIR SEATON said that many gambits require consideration around the scenario, which the committee might address. Additionally, the seven day license could be retained with a limit of one per season, rather than allowing multiple or consecutive purchases. He observed that many people are figuring out how to get all the advantages while saving money on licensing.

[11:14:00 AM](#)

REPRESENTATIVE JOHNSON asked whether the bill has a sunset clause.

CHAIR SEATON responded no.

[11:14:17 AM](#)

MR. BROOKS offered that it would be difficult for the department to determine who is or is not being paid as a crew member, and tracking sequential license purchases could also be cumbersome, due to the number of vendors throughout the state. Practical limitations exist that create monitoring issues and a price point adjustment could be the best approach, he opined.

CHAIR SEATON agreed and said crew want to be covered by the workmen's compensation benefit.

[11:15:40 AM](#)

CHAIR SEATON thanked the participants and announced the next meeting.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 11:15 a.m.