

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

January 23, 2020

10:02 a.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Bryce Edgmon
Representative Chuck Kopp
Representative Jonathan Kreiss-Tomkins
Representative Sarah Vance

MEMBERS ABSENT

Representative Geran Tarr
Representative Mark Neuman

COMMITTEE CALENDAR

PRESENTATION: SEAFOOD WORKFORCE TRAINING PARTNERSHIP BY THE
ALASKA RESEARCH CONSORTIUM

- HEARD

PRESENTATION: COMMERCIAL FISHERIES ENTRY COMMISSION

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

JAY STINSON, President
Alaska Research Consortium (ARC)
Kodiak, Alaska

POSITION STATEMENT: Co-offered a PowerPoint presentation on the
Seafood Workforce Training Partnership.

PAULA CULLENBERG, Executive Director
Alaska Research Consortium (ARC)
Kodiak, Alaska

POSITION STATEMENT: Co-offered a PowerPoint presentation on the
Seafood Workforce Training Partnership.

FATE PUTMAN, Commissioner
Commercial Fisheries Entry Commission (CFEC)
Juneau, Alaska

POSITION STATEMENT: Co-offered an update on the CFEC.

JON HAGHEYEGHI, PhD, Executive Director
Commercial Fisheries Entry Commission (CFEC)
Juneau, Alaska

POSITION STATEMENT: Co-offered an update on the CFEC.

DALE KELLY, Commissioner
Commercial Fisheries Entry Commission (CFEC)
Juneau, Alaska

POSITION STATEMENT: Co-offered an update on the CFEC.

ACTION NARRATIVE

[10:02:03 AM](#)

CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 10:02 a.m. Representatives Kopp, Kreiss-Tomkins, Vance, and Stutes were present at the call to order. Representative Edgmon arrived as the meeting was in progress.

CHAIR STUTES recognized the committee's invited guests, students from the Alaska Young Fishermen's Summit (AYFS). She thanked them for their interest in becoming leaders and making a difference in an industry that drives and defines Alaska.

PRESENTATION: SEAFOOD WORKFORCE TRAINING PARTNERSHIP BY THE ALASKA RESEARCH CONSORTIUM

[10:03:54 AM](#)

CHAIR STUTES announced that the first order of business would be a presentation by the Alaska Research Consortium (ARC) on a potential seafood workforce training partnership.

CHAIR STUTES announced that the ARC would be unveiling a concept that she intends to pursue legislatively, and otherwise, with the intention of securing annual dedicated funding for seafood industry workforce training.

CHAIR STUTES stated that the processing industry contributes over \$600,000 annually to unemployment insurance; however, they generally receive less than \$60,000 annually in reciprocated

trainings for the industry. She expressed a need statewide, within processing, for more focus and funding to provide training that the industry needs to be adaptive, move forward, and meet the changing demands of the marketplace.

[10:05:39 AM](#)

JAY STINSON, President, Alaska Research Consortium (ARC), offered a PowerPoint presentation on the Seafood Workforce Training Partnership, [hard copy included in documents packet]. Referencing slide 2, he explained that the ARC is a 501 (c)(3) educational non-profit. He then stated that he has been involved in the sea food business, both fishing and processing, for approximately 50 years. He pointed out that his associate, Paula Cullenberg, has previous experience as the executive director for Alaska Sea Grant, and the ARC is excited to have her on board. He stated that the mission of the ARC is to support sustainable fisheries, marine science, and the blue economy in the North Pacific through workforce development, technical assistance, and applied research. He expressed that it is a complicated industry, and the ARC wants to pass down the information, which it has acquired, to the next generation. He referenced slide 3, pointing out the experience of the ARC Board of Directors: Jay Stinson, Alan Austerman, Shannon Carroll, Duncan Fields, Pat Jacobson, Michael Kohan, Tom Lance, Matt Moir, Susan Saupe, Jeff Stephan, and Quentin Fong.

[10:08:22 AM](#)

MR. STINSON, referencing slide 4, stated that he thinks the number on the slide [\$5.4 billion] might be incorrect, and that the seafood industry creates closer to \$5.6 billion in economic value for Alaska. He said that the seafood processing sector is Alaska's largest private employer, accounting for approximately 75 percent of manufacturing in the state and providing over 26,000 seafood processing jobs. He stated that a stable workforce, capable of meeting ever increasing technical and regulatory skill requirements, is critical to the sustainability of the seafood industry. He stated that the seafood processing industry is experiencing what ARC refers to as "graying of the fleet," as well as "graying of the process workers." He explained that among many of the processing plants in Alaska, the average age of process workers is in the mid-fifties. He questioned who might be able to backfill these jobs as the industry moves away from lower skillset operations into more technically demanding skillset operations. He stated that workers with more technically inclined skillsets are in high

demand; however, there is no place in Alaska to receive [that specific] technical training. He said that in 1981, the legislature created the Fishery Industrial Technology Center (FITC), with the objective of technical training in mind. He said that the FITC got rolled in with University of Alaska Fairbanks (UAF), which he thinks has not been a good fit, given the difference between the applied research and certification the seafood industry requires and the more academic approach of the UAF. As a result of this mismatched process, the ARC has tried to develop a plan to meet some of these educational needs in the industry.

10:11:22 AM

CHAIR STUTES asked Mr. Stinson to briefly explain more about Baader equipment, which was mentioned earlier in his presentation.

MR. STINSON responded that there are several international brands utilized in the ground-fishing industry. Baader is one of these international brands and is, probably, the main supplier of processing equipment for the ground-fishing industry. Baader is a German company that produces many different processing machines which are all part of a refined international program. He explained that to enable Alaskan workers to receive proper training on Baader equipment, the ARC put on a training program in Kodiak, Alaska. The ARC brought a Baader technician from Germany to put on a one-week training program for six processing plant workers from North Pacific Seafoods, Ocean Beauty Seafoods, and Trident Seafoods. The cost of the program was approximately \$21,000, which was covered by the processing plants. Mr. Stinson explained that it can be difficult, at times, to get the processing plants to work in concert even though it is to their benefit.

10:13:21 AM

PAULA CULLENBERG, Executive Director, Alaska Research Consortium (ARC), briefly explained her background as the longtime director of Alaska Sea Grant. She left Alaska Sea Grant approximately a year and a half ago and now works with the ARC. She stated that she used to work closely with the AYFS and expressed that she was thrilled to see so many of them at the committee meeting. She explained that she has continued working with the AYFS because they have been a group of volunteers that work hard to support the Kodiak Seafood and Marine Science Center (KSMSC). She referenced a long history with the AYFS, pointing out that

the UAF had considered closing the KSMSC a few years ago; however, the AYFS stepped up and made the case that the seafood industry is an important part of Alaska's economy, and training and applied research are relevant to the industry. As a result, the UAF kept the KSMSC open, and the ARC has since focused on programming and training in the KSMSC.

MS. CULLENBERG brought attention back to the PowerPoint presentation begun by Mr. Stinson. Referencing slide 5, she gave more background on the Alaska Maritime Workforce Development Plan. She explained that the Alaska Maritime Workforce Development Plan was published in 2014, was adopted by the Twenty-Ninth Alaska State Legislature and the University of Alaska Board of Regents, and is on the Department of Labor & Workforce Development (DLWD) website. She explained that the Alaska Maritime Workforce Development Plan is an umbrella plan that covers every job pertaining to the ocean and marine environments. Referencing slide 6, she listed two reasons that the ARC was attending the current committee meeting. First, she listed that the KSMSC's mission is to provide training, applied research, and technical assistance to the entire state of Alaska, as outlined in Alaska Statute 16.52.010; second, she said that the ARC has been looking at the Alaska Technical Vocational Education Program (TVEP) as a potential resource for training at the KSMSC. She explained that the TVEP is up for reauthorization this year and the legislature will have a role in the process.

[10:16:01 AM](#)

MS. CULLENBERG, referencing slide 7, introduced Alaska Seafoods Future Project, in which the ARC is currently involved. She explained that the project is partially funded by the U.S. Economic Development Administration (EDA). The basic role of the project is to reach out to seafood processors and ask them what their training and applied research needs are. She named Pacific Seafood Processors Association, North Pacific Seafoods, Alaska Seafood Marketing Institute (ASMI), Alaska Process Industry Career Consortium, Sun'aq Tribe, and Alaska Sea Grant as partners on the project.

[10:16:41 AM](#)

REPRESENTATIVE EDGMON asked Ms. Cullenberg whether her comment that the TVEP needed reauthorization was prefaced around changing the current the TVEP allocation scheme or just reauthorizing the program.

10:17:01 AM

MS. CULLENBERG replied that the focus is on changing the allocation scheme, in a way. She jumped ahead to slide 16 in the presentation to explain that the TVEP is derived from employee contributions to unemployment insurance. She said that the employee contribution is approximately 0.5 percent, and 0.16 percent of that is allocated to the TVEP fund. She stated that when the ARC was launching its program, she reached out to DLWD and asked how much the seafood industry contributes to the TVEP fund annually. She pointed out that the Taxable Wages column on slide 16 represents the employee contribution to the TVEP fund, and 0.16 percent of that is approximately \$600,000 annually, which is the seafood industry contribution. She said that the amount of funding allocated to training for seafood processing in Alaska is minimal, averaging approximately \$60,000 annually. This amounts to approximately 10 percent of the overall industry contribution to the TVEP fund.

10:18:44 AM

REPRESENTATIVE VANCE stated that she was looking at the most recent Alaska labor statistics, from 2017 she thinks, and determined that approximately 74 percent of the seafood processing workforce are non-residents. She expressed that these jobs should be held by Alaska residents. She asked Ms. Cullenberg whether the large percentage of non-residents in the workforce is a result of the seafood processors' preference or a lack of education and training.

10:19:20 AM

MS. CULLENBERG replied that she thinks it is a result of both issues. She explained that there are approximately 26,000 people working in the seafood processing industry in Alaska, many of them entry level, and it is difficult to come up with that many workers from in state. That said, she feels that the workers in Alaska who could benefit the most from training are those holding skilled positions. She pointed out that there are many year-round workers in the seafood processing industry living in Alaska communities, such as Petersburg, Kodiak, and Ketchikan. She said that the ASMI report shows that the year-round Alaska residents working in the seafood processing industry are those with higher incomes, because they hold more skilled positions.

MS. CULLENBERG expressed that training provides the opportunity to ensure careers in the seafood processing industry for year-round Alaska residents. She stated that she thinks there will continue to be a need for entry level workers from out of state to fill thousands of seasonal positions; however, there are many communities throughout the state with career positions that need training. She mentioned refrigeration training, electrician training, quality control training, and government relation and compliance training as specific examples. She said that the ARC has been surveying seafood processors from across the state and getting information on what kinds of training are required.

MS. CULLENBERG talked about how she had very recently been in Kenai and interviewed two plant managers from E&E Seafoods and North Pacific Seafoods, both of whom eloquently spoke to their specific training needs. Ms. Cullenberg said that the training needs that stood out to her the most were the need for: management level training, conflict resolution training, and safety training. She referenced slides 9 and 10 of the presentation, pointing out that she has questioned 40 different processing plant managers throughout Alaska, asking whether they have any employees that would be able to advance their careers if they received training. She said that she found it interesting that every plant manager she spoke with responded that they have multiple employees who could advance with additional training. She expressed that she thinks there is a lot of interest and potential for more training in seafood processing plants in Alaska.

[10:22:31 AM](#)

REPRESENTATIVE KOPP stated that he really appreciates Ms. Cullenberg highlighting the need for targeting training resources toward Alaskan residents to fulfill career level positions. He agreed with Ms. Cullenberg that it can be hard to fill 26,000 entry-level jobs in a rural community. To underscore a point Ms. Cullenberg had made earlier, he told a story from his experience as a commercial fisherman. Two years ago, when the Bristol Bay processor he was working with stopped taking fish it had a Human Resources (HR) crisis that resulted in 600 employees walking off the job. He explained that the issue had nothing to do with the facility itself but was a result of the plant not being able to negotiate through the issue quickly enough. As a result, the plant was shut down for 48 hours during the fishing season. He explained that well-trained HR people could have helped to see an issue coming and intervene before it became a crisis. He said that these might

not be things normally thought about regarding fishing; however, as a fisherman it becomes a crisis when the processor is unable to buy fish because of an HR issue.

[10:23:32 AM](#)

CHAIR STUTES asked Ms. Cullenberg to explain what the ARC is proposing for the TVEP funds and how it might affect current recipients. She said that she thinks the effect of the proposal is a big concern for anyone paying attention and currently receiving the TVEP funds, and that Ms. Cullenberg might want to address those concerns.

[10:24:01 AM](#)

MS. CULLENBERG replied that it was interesting to the ARC to see that the seafood processing industry contributes \$600,000 into the TVEP fund, which is a significant amount. She said that being involved in a research project identifies a strong demand, need, and specifics for training, and the TVEP being up for reauthorization presents a great opportunity. She said that coming from the UAF, she has seen the TVEP funds used very well; they "compete them across the entire system." She expressed that it is not really the ARC's intent to take money away from those programs. She said that someone from the UAF presented the idea that the 0.16 percent of the taxable wage could be increased to 0.17 percent, which would add \$700,000 to the TVEP fund. She stated that she recalls this being done two reauthorizations ago when Ilisagvik College was added to the list of recipients. She suggested that this might be an effective way to grow the fund without taking away from current recipients.

[10:25:24 AM](#)

CHAIR STUTES asked who would be paying the increased 0.01 percent to the TVEP fund.

MS. CULLENBERG replied that it would be a 0.01 percent increase from the employee contribution to unemployment insurance.

CHAIR STUTES suggested that this would then go right back into employee training, so to speak.

[10:25:47 AM](#)

MS. CULLENBERG, referencing slide 17, said that the ARC is interested in developing what they are calling a Seafood Workforce Training Partnership, with the goal of ensuring that Alaskans will be able to compete for skilled jobs in the seafood industry. She further explained that the ARC is interested in training for high school students that provides exposure to careers in the seafood industry. She stated that one of the results from their research generated a lot of interest in recruitment. She expressed that very few companies in the seafood industry have relationships with their local high schools. She said she was surprised that even large Alaska communities, such as Kenai, have very little engagement with high school students.

MS. CULLENBERG explained that it is different for small communities, such as False Pass, where the plant manager she had spoken with told her there are six students, only one of which is in high school, in the entire community. She expressed that the ARC would like to create a career exposure and internship program for high school students. She referenced slide 19 in the presentation, pointing out the Baader technician training which Jay Stinson spoke about earlier, as well as the Alaska Seafood Processing Leadership Institute (ASPLI). She mentioned that the ASPLI is leveraged through the Alaska Sea Grant, and the industry pays approximately \$3,000 a person to send students to train. She said she thinks companies are very willing to invest in training programs, but what is missing is a skeleton or backbone for training programs. She explained that she thinks having the KMSMC and the funds from the TVEP would enable the ARC to coordinate a training program that would come out of Kodiak but be available across the entire state. She explained that it doesn't always make sense to send people from rural communities like Sitka, Homer, or Dutch Harbor to Kodiak for training.

[10:28:13 AM](#)

CHAIR STUTES addressed Ms. Cullenberg, saying that she heard her mention earlier that some of the processing companies in Kodiak have been participating financially, when possible, with the ARC.

MS. CULLENBERG responded that the Baader technician training, mentioned earlier, was an example of processing companies participating financially with the ARC. She explained that the Baader technician training has been a priority for processing companies for years, as it had been a long time since they had

received any training from Germany. She said that as soon as the ARC had orchestrated the Baader training in Kodiak, three companies immediately sent six people to train and paid the entire \$21,000 cost, as previously mentioned by Jay Stinson. She expressed that the missing piece has really been someone to organize and put together a training program. She summarized the proposal, stating that the ARC thinks that the TVEP resources are a good way to get things started and move the process forward.

10:29:19 AM

REPRESENTATIVE VANCE said that she has a recommendation for a model program in Homer. She explained that Kenai Peninsula College (KPC), through the University of Alaska (UA), offers courses, deck hand experience, certifications, and marine electronics. She added that the Homer Marine Trades Association is sending leaders in marine fields from the community into the school to expose students to different marine trades. She gave an example of an electrician bringing in something that students can take apart and put back together and explaining to students that they don't have to take a long road to get into marine trades. She mentioned Bayweld Boats, stating it has been making quite a name for itself "making welding cool again" and really engaging with community members and partners, such as the UA, to interact with high schools in a direct way. She explained that this exposes students to marine trades in a way they haven't seen before. She said that these community members have been volunteering their time so that it has not been as much of a financial burden on the people who are training. She summarized that this might be a good example of how other coastal communities can further expand awareness of marine training.

10:30:56 AM

MS. CULLENBERG replied that she is very familiar with the program in Homer. She shared that the program was initiated by the TVEP funding. She said that she thinks Homer is a role model around the state, and she understands that there are many coastal communities around Alaska interested in what is going on in Homer. She said that what Representative Vance said about making fishing cool again has a lot of relevance for the seafood processing industry. She mentioned that Dr. Larry LeDoux, Superintendent of Schools in Kodiak, met with several processing companies a couple of years ago and noted that 75 percent of kids that graduate from Kodiak high school do not receive any further educational training beyond high school. She noted that

this is a strong population that could potentially work in the six seafood plants that are based in Kodiak. She restated that none of the seafood processing plants in Kodiak have a relationship with the high school. She said that "there's no pipeline, there's no internship program," processing companies don't really know how to reach out to students, and they do not think their occupation is cool. She said she thinks there is tremendous room to grow in Kodiak by creating a pipeline and recognizing that the processing plants can be very cool. She then said that Homer really has done a great job addressing many of these issues.

[10:32:22 AM](#)

CHAIR STUTES asked if the increase of 0.01 percent employee contribution would mean that employees are paying a higher tax.

[10:32:40 AM](#)

MS. CULLENBERG responded that workers would not be paying more; a larger part of their contribution overall would go to the TPEV fund. In response to a follow-up question from Chair Stutes, she offered her understanding following a conversation with DLWD that the unemployment fund is well capitalized, and the increase should not result in loss to workers. She reiterated that the percentage would increase from 0.15 to 0.16.

[10:33:43 AM](#)

CHAIR STUTES confirmed that the change would not increase the amount being contributed by the employee but would instead redistribute 0.01 percent.

[10:34:00 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked for clarification that this is not an additive change, but a redistributive one.

[10:34:16 AM](#)

MS. CULLENBERG responded that it is both. She continued that it is adding to the TVEP fund and redistributing the employee contribution fund. She offered her understanding that an employee contributes 0.5 percent of his/her wages to unemployment insurance, 0.16 percent of that contribution is distributed to the TVEP fund. An increase from 0.16 percent to 0.17 percent would change how the employee contribution is used.

[10:34:57 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked whether this was, in effect, a redistribution from an over capitalized unemployment fund to the TVEP and whether this marginal increase to the TVEP would be going toward seafood processing and workforce development.

[10:35:12 AM](#)

MS. CULLENBERG responded that she is not the one to say the unemployment fund is over capitalized, but that is what she had been told. She then said that Representative Kreiss-Tomkins was correct that that is the general theory. She added that it depends on wages, but recently that would amount to an additional \$700,000 being directed to the training fund.

[10:35:32 AM](#)

CHAIR STUTES thanked the presenters from the ARC.

[10:35:49 AM](#)

The committee took an at-ease from 10:35 a.m. to 10:40 a.m.

PRESENTATION: COMMERCIAL FISHERIES ENTRY COMMISSION

[10:40:58 AM](#)

CHAIR STUTES announced that the final order of business would be a presentation by the Commercial Fisheries Entry Commission (CFEC).

[10:42:16 AM](#)

FATE PUTMAN, Commissioner, Commercial Fisheries Entry Commission (CFEC), co-offered an update on the CFEC. He explained that Jon Haghayeghi was the new executive director at the CFEC, having only been there six months. He said that Dr. Haghayeghi has a Bachelor of Economics and Master of Economics from Southern Methodist University (SMU) and a Doctorate in Economics from Claremont Graduate University (CGU). Mr. Putman stated that the CFEC is focused on economics. He explained that the mission at the CFEC, as an agency, is to prevent economic distress among commercial fisherman, which it is accomplishing while going through the process of adjudicating permits.

10:43:08 AM

MR. PUTMAN, referencing slide 1 of the PowerPoint presentation [hardcopy included in the committee packet], pointed out some of the things that are accomplished by the CFEC. He explained that there are over 200 open access fisheries as well as 66 limited entry fisheries in Alaska. The CFEC monitors these fisheries, adjudicates the permits, and sets up the rules for who qualifies for permits depending on participation and economic dependence on a fishery. He said that the adjudication permits often end up in front of the CFEC adjudication panels where they are then sent to the commissioners, followed by the Alaska Superior Court, and finally the Alaska Supreme Court. He stated that these are just some of the things the CFEC does to enforce the requirements set up for fisheries. He explained that the CFEC also enforces the statutory requirements governing emergency and transfer permits, and once permits are issued, it monitors the emergency transfer requests as well as the permanent transfer requests. He stated that permits are not allowed to be leased or mortgaged and must be transferred freely between parties, so the CFEC ensures this happens. He said that the CFEC also assesses demerit points, which is something it is very interested in monitoring.

MR. PUTMAN explained that approximately 20 years ago, the legislature gave CFEC the power to look at suspending permits of people who are frequent violators. He went on to say that at a later point in time, the CFEC would like to discuss an expansion of that power; currently it is limited to salmon fisheries only. As a result, suspended violators can fish in a different fishery even if they have been suspended in the salmon fisheries. He said that the CFEC also works on implementing regulations; it has several packages coming through, including the demerit point system, which has not had a regulation package in approximately 20 years. He said that the CFEC also provides a lot of information on the health of fisheries to different fishery groups in Alaska.

10:45:12 AM

JON HAGHEYEGHI, PhD, Executive Director, Commercial Fisheries Entry Commission (CFEC), continued the PowerPoint presentation begun by Mr. Putman. Referencing slide 2, he began by talking briefly about the basics of the CFEC. He explained that the CFEC is a quasi-judicial agency with 21 staff members that are split into four interdependent sections, which include Adjudications, Research, Licensing, and Data Processing. He

said that in fiscal year 2019 (FY 19), the CFEC generated \$7.44 million in revenue, of which \$3.13 million was allocated to the CFEC annual operating budget. He said that \$321,105 passed through the CFEC to the Fisherman's Fund. In addition, the CFEC receipts provided the following surplus contributions in 2019: \$4 million to the Division of Commercial Fisheries operating budget, \$236,400 to the Alaska Department of Fish & Game (ADF&G) capital projects, and \$272,100 to Department of Commerce, Community & Economic Development (DCCED) capital projects.

[10:46:35 AM](#)

DR. HAGHAYEGHI moved on to slide 3, Performance Outcomes. He talked about how the CFEC has a six-member licensing staff that provided service to more than 18,000 commercial fishermen in 2019. The CFEC licensing team issued 17,339 commercial fishing permits, 8,806 vessel licenses, and processed 1,884 permit transfers in 2019. He said the CFEC data processing team is continuing to improve its online renewal system, limited entry online network (LEON). As of 2019, 60 percent of renewals were completed online using the LEON, and that trend continues to grow. He said that the data processing team refreshed agency computer hardware that was over eight years old. He stated that the adjudication section had 32 new cases, held 29 hearings, and issued 25 decisions. The CFEC research section produced eight research publications as well as several internal and external reports.

DR. HAGHAYEGHI explained that administratively, the CFEC worked to be efficient with resource allocation. In 2019, the CFEC migrated to Microsoft Office 365 and adopted the statewide payroll system, Employee Self Service (ESS). He said that the CFEC collaborated with the CGU to address Payment Card Industry (PCI) compliance, to ensure that fishermen can make their credit card payments. The CFEC launched a large-scale digital scanning project to back up all the active licensing files; the project is approximately 20 percent complete. He summarized that throughout 2019, the CFEC worked to ensure timely responses to a range of information requests.

[10:48:23 AM](#)

REPRESENTATIVE KOPP commended the CFEC on a specific emergency transfer it assisted him with during the special session, which called fishermen back from Bristol Bay to the legislature during the peak of the salmon run. He explained that the entire transfer process took just over 24 hours, from the time he first

spoke with the CFEC on the phone to the time the boat was fishing again. He expressed his belief that the work the CFEC does profoundly impacts people's lives, including his own. He stated that he was impressed with the CFEC's responsiveness at the time and wanted that stated for the record.

[10:49:20 AM](#)

MR. PUTMAN commented that the CFEC does its best to ensure that nets are in the water and fishermen are fishing.

[10:49:37 AM](#)

DALE KELLY, Commissioner, Commercial Fisheries Entry Commission (CFEC), continued the PowerPoint presentation begun by Mr. Putman and Dr. Haghayeghi. Referencing slide 4, she gave an overview of the adjudications process at the CFEC. She explained that any of the cases at the CFEC fall into three main categories: contested applications for limited entry permits, permanent or emergency transfers, and a wide variety of cases. Depending on the case involved, up to three different sections of the CFEC may handle the case. She explained that the licensing section may be involved in the permanent or emergency transfers. The statutes and regulations that determine whether transfers are approved are strictly laid out for the CFEC; there is no leeway for judgement calls.

MS. KELLY explained that if a transfer is denied, a fisherman can appeal the decision to the adjudications section of the CFEC, which typically conducts a hearing and issues a decision. She pointed out that the decision, if denied by the adjudications section, can be further appealed to the commissioners. She explained that the adjudications section of the CFEC has a broader look at the transfer; it looks at case law and has 45 years of agency precedent. The commissioner section has an additional layer to the process where it can review policies and decide within the bounds of the law whether to approve the transfers or not. She continued that throughout the years, the CFEC has issued decisions on nearly 23,000 applications for limited entry permits; the process involved many appeals that were adjudicated. A total of 16,723 transferable and non-transferable permits have been issued, nearly 6,000 have been denied, and 94 were withdrawn. She stated that in 2019 specifically, the CFEC issued final decisions on 11 of 13 pending permit applications.

[10:51:59 AM](#)

CHAIR STUTES interjected that she would like to congratulate the CFEC on the progress that it has made. She commented that she has been involved in the process for the past six years and wants to personally thank the CFEC for the 11 out of 13 cases that were adjudicated.

MS. KELLY offered her thanks to Chair Stutes.

[10:52:19 AM](#)

REPRESENTATIVE KREISS-TOMKINS also expressed appreciation for the CFEC. He remarked that he has been around these cases since 2012, and he wasn't sure what the appropriate metaphor was, but they have been the "stickiest gum on the wall that couldn't seem to get peeled off." He added that he is excited to see the progress now that it is down to the last two cases.

[10:52:46 AM](#)

CHAIR STUTES remarked that she would even venture to say that she is impressed with the CFEC and its new commissioner.

[10:52:57 AM](#)

MS. KELLY pointed out that there are several reasons why decisions take a lot of time. Most of the cases were decades old and involved complex issues and volumes of evidence. She explained that these were not easy cases and every case had the potential to disrupt the entire fishery if it were overturned, which could have potentially devastating impacts to individuals, communities, and fisheries. Therefore, due diligence was a major part of the process, which the CFEC and the previous commissioners took very seriously. She remarked that she was happy to report that the CFEC was moving along with these cases, but she also understands now why they can take a lot of time to complete.

MS. KELLY explained that all decisions made are evaluated under an array of laws, regulations, legal precedent, and 45 years of administrative practices employed at the CFEC to ensure fair treatment and due process for fishermen. She expressed that it is essential to have multiple layers in the process to make good decisions. She added that decisions made by the CFEC are not necessarily final; fishermen have other administrative and judicial remedies that can be employed if they receive a negative result. For example, they could appeal to the CFEC to

reconsider, take the case to the Alaska Superior Court, or both. She noted that 86 decisions have been made on the CFEC practices, many of them on the application cases throughout the years. She suggested that it is an ongoing litigious process, adding that she would hesitate to say it is done yet but the CFEC is working its way there. Referencing slide 4, she pointed out the cases that had been solved in 2019, giving examples of the involved fisheries. She explained that the two remaining cases involve Southeast crab.

[10:55:02 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked whether any of the 11 resolved cases have been appealed to the Alaska Superior Court.

MS. KELLY responded that some of the cases were still within the timeline that they could be appealed, but to the CFEC's knowledge none of them have been. She added that fishermen could appeal to the CFEC before going to the Alaska Superior Court, so it was still working through the process. She expressed that she felt it is important to understand that the fishermen still have all appeal options available to them at this time.

MS. KELLY announced that the CFEC also made 30 additional decisions on the commission itself, on transfers, permit forfeitures, demerits, liens, and refunds. In addition, the CFEC completed a project within the adjudication section that resulted in 65 refunds and waivers for a unique situation in a fishery that had a failure in 2018.

[10:56:04 AM](#)

CHAIR STUTES expressed that she was not only impressed with the CFEC's ability to resolve outstanding cases, she also appreciated its utilization of time while presenting.

[10:56:18 AM](#)

MR. PUTMAN, referencing slide 5, touched on the question of what the ideal number of permits in a fishery is- an important issue for the CFEC, and one that has not been looked at in approximately 15 years. He explained that permits are issued based upon participation, which is often much larger than the ideal number, referred to as optimum numbers in the statute. The legislature has amended the statutes over time, in order for the CFEC to request a range of numbers. He stated that the CFEC

is assisted by the ADF&G, giving the example of how many nets the ADF&G need in the water to avoid over-escapement. He explained that optimum numbers are acquired scientifically, which is one of the reasons the CFEC has a new executive director with a Doctorate in Economics and a new research section leader with a Master of Fisheries Economics.

MR. PUTMAN said that the first location in which the CFEC has decided to launch a study is the Cook Inlet setnet fishery. He explained that the CFEC has been looking at that fishery for approximately 10 years and has a lot of data, such as how much money the fishermen make and how much their permits are worth. The CFEC hopes to find out more about the fishermen's costs incurred while running a setnet fishery, through surveys. He said that the study won't necessarily lead to a reduction in the number of permits issued but might show how to get to an optimum number. The CFEC is required to study 63 remaining fisheries; it has completed three so far. He added that the new executive director is helping with a survey of all Alaska fisheries. He explained that when a fisherman fills out the permit to apply for a fisheries license annually, he/she will be asked to take a survey regarding expenses incurred in his/her fishery. He reiterated that the CFEC is planning on implementing this in all 63 remaining fisheries to obtain the ideal number of permits but will first be focusing on Cook Inlet.

[10:58:31 AM](#)

CHAIR STUTES thanked Mr. Putman and expressed that she is anxious to see the progress on the project.

[10:58:42 AM](#)

REPRESENTATIVE VANCE commented that this study is taking place in her "backyard," and many of her constituents were involved. She asked Mr. Putman what the projected timeline is for completion of the study.

[10:58:56 AM](#)

MR. PUTMAN responded that this was the first study for the CFEC in 15 years, and it was just beginning the process of how to go about it. He expressed that given the expertise the CFEC currently has in-house, it would be able to get through the survey portion of the study in approximately three months. He added that there would still be economic data to crunch after that, and he estimated that it would be three to six more months

after the survey before the CFEC could come up with an optimum number for the Cook Inlet setnet fishery. He summarized that the CFEC is discovering it to be a long process; however, they are hoping to get the preliminary data from the study within the next six to nine months and work on a regulation to set the range of what the CFEC thinks the optimum number of permits in Cook Inlet should be.

[10:59:44 AM](#)

REPRESENTATIVE VANCE suggested that her office is open to working with the CFEC to have conversations with fishermen and help with the study process.

MR. PUTMAN thanked Representative Vance.

[10:59:58 AM](#)

CHAIR STUTES thanked the AYFS again for attending the meeting, expressing that with the "graying of the fleet" in coastal communities, it was nice to see so many people interested in keeping Alaska's number one industry alive, healthy, vital, and workable.

[11:00:40 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 11:01 a.m.