

REPORT OF THE BUDGET COMMITTEE

The Budget Committee (BC) met on Sunday, September 7, 2009 and received the Executive Director's Budget Report. The report included a review of the calendar year (CY) 2007 audit, an update of CY 2008 funding, budget and expenditure data for 2008 base operations and the trawl rationalization (TR) program for CY's 2008 and 2009, and expectations for future funding. The following BC members were present:

Mr. Jerry Mallet, Chairman
Mr. Phil Anderson
Dr. Dave Hanson

Mr. Donald K. Hansen
Mr. Mark Helvey/Mr. Frank Lockhart
Mr. Frank Warrens

Absent: None

Others Present: Mr. Mark Cedergreen, Ms. Kathy Fosmark, Mr. Dave Ortmann

CY 2007 Audit Report

Dr. John Coon provided a brief overview of the audit report for CY 2007. The auditor's findings for the Council's financial affairs were an unqualified approval with no reportable conditions or material weaknesses.

Update of Funding Received in CY 2008

Dr. McIsaac reviewed the increases in funding available to the Council since the June 2008 Council meeting. With regard to base operations, the Council has received additional funding to help support its peer science review process (primarily STAR Panel stock assessment reviews in 2009) and for support of work on the Highly Migratory Species (HMS) Fishery Management Plan (FMP) Amendment 2 (High Seas Shallow-Set Long line Fishery). The new funding received since June totals \$149,640. No other funding is expected to be received in 2008 for base operations.

With regard to the TR program, the Council received an additional \$20,000 to contract for an analysis of utilizing a fixed-term auction for distribution of individual fishing quotas (IFQ).

Status of CY 2008 Budgets and Expenditures

Dr. McIsaac reviewed the CY 2008 budget and expenditures by major category as of July 31, 2008. He reported that expenditures for base operations are proceeding within normal expectations for the first seven months of the year. With regard to the TR program, Dr. McIsaac reported that due to more meetings than originally planned, the travel and Council member compensation categories have been expended. However, sufficient funds remain in the total budget to cover likely remaining expenditures for CY 2008.

A more detailed assessment of expenditures through year-end will be provided at the November BC meeting.

Preliminary Expectations for Future Funding

Dr. McIsaac reported that there is a great deal of uncertainty about the Federal fiscal year (FY) 2009 budget process and final funding levels given the pending change in administration. It is likely that Congress will pass a Continuing Resolution effective October 1, 2008 which will provide continued Council funding at a portion of the 2008 level. Current speculation is that funding via sequential Continuing Resolutions will continue through at least December 31, 2008, probably well into 2009, and perhaps even the entire FY. A final 2009 Council budget will not be known until after Congress passes, and the President signs, either a new FY 2009 budget or a final Continuing Resolution for FY 2009.

Budget Committee Action and Recommendations

The BC recommends the Council approve:

1. The addition of \$149,640 in new funds to the base operations budget to support work in 2009 on the stock assessment peer review process and HMS Amendment 2; and
2. The addition of \$20,000 to the CY 2008 trawl rationalization program for a contracted analysis of the fixed-auction concept for IFQ.

PFMC
09/11/08