REPORT OF THE BUDGET COMMITTEE

The Budget Committee (BC) met on Tuesday, June 7, 2011 and received the Executive Director’s Budget Report. The report covered: (1) status of funding and expenditures for calendar year (CY) 2011 under the second year of the 2010-2014 Award; (2) a proposed operational budget for CY 2011; (3) expectations for future funding; (4) an update on advisory body stipends; and (5) other budget related issues. The BC attendance was as follows:

Present: Mr. Jerry Mallet, Chairman; Mr. Mark Helvey, Mr. Mark Cedergreen, Mr. Rod Moore, Ms. Michele Culver, and Mr. Dan Wolford
Absent: Dr. Dave Hanson and Mr. Frank Lockhart
Nonmembers Present: Dr. John Coon, Ms. Patricia Crouse, Mr. Donald Hansen, Ms. Dorothy Lowman, Dr. Donald McIsaac, Mr. David Ortmann, Ms. Carolyn Porter, Mr. Gerry Richter, Ms. Marija Vojkovich, Mr. Steve Williams

Summary of CY 2011 Funding

Dr. McIsaac reported on new funding received or expected by the Council under the second year of the 2010-2014 Award. He reported that National Marine Fisheries Service Headquarters indicated that primary CY 2011 funding will be at the same level as CY 2010. Given that guidance, the Council could expect to receive slightly less than $4.2 M in CY 2011 funds from primary sources. Dr. McIsaac reported there have been favorable signals that the Council might receive additional supplemental funding from regional sources this year to support trailing actions for trawl rationalization for CYs 2011-2013. There is also a request for supplemental funding for highly migratory species (HMS) management activities.

Proposed CY 2011 Budget and Status of Expenditures

Based on Council guidance from November 2010 and cost updates since then, Dr. McIsaac presented the BC with a proposed CY 2011 operational budget of $4,748,877 (about $20,000 less than the provisional status quo budget level approved at the November 2010 Council meeting). This budget should maintain status quo operations for the Council and Council staff while allowing a reserve to protect operations in 2012. The status quo operations include the increased 2010 funding level for the liaison contracts with the states and Pacific States Marine Fisheries Commission (PSMFC) and other ongoing programs (e.g., ecosystem plan development, advisory body stipends, and the initial phase of the groundfish biennial management process and environmental impact statement).

Expenditure of the proposed CY 2011 budget is proceeding within normal expectations for the first four months of the year. When additional supplemental funds become available for trawl rationalization trailing actions and highly migratory species management, staff will propose appropriate amendments to the CY 2011 budget for Council approval. This will likely occur at the September meeting.
Preliminary Expectations for Future Funding

Dr. McIsaac reported that with the current state of budget negotiations within Congress and the Administration, there is obviously significant uncertainty about the regional council funding levels for 2012 and 2013. It seems very likely Federal funding in general will decrease, but it is too early for any meaningful speculation about the amount of decrease for regional councils.

Stipend Payment Update

Dr. McIsaac reported that the proposed CY 2011 budget includes about $73,000 for advisory body stipends. In 2010, the Council paid a total of nearly $85,000 to eligible advisory body members, which allowed payment at a rate of $109 per meeting day.

Committee Discussion of Other Budget Related Issues

The BC discussed impending vacancies for three committee seats and the need for a new chairman with the resignation of Mr. Mallet and the end of Council service for Mr. Cedergreen and Mr. Moore. Members noted the committee composition has traditionally included the Council chair and generally one non-agency member from each state (which may be inclusive of the Council chair and has varied somewhat with regard to the Idaho member). The general composition also includes one position for the Northwest and Southwest NMFS regions and the PSFMC Council member. With the departure of Mr. Mallet resulting in the loss of an Idaho representative of the BC, members noted the experience of Mr. David Ortmann (former Council Chair and second designee for the State of Idaho) as a possible replacement. The committee positions are appointed by the Council Chair and are expected to be determined prior to the September meeting.

The committee expressed deep appreciation for Mr. Mallet’s dedicated service as BC Chairman over the past five years (since September 2006) and especially noted his emphasis on providing budget documents to the BC well ahead of the actual meeting.

Because funding for CY 2012 does not look good, the BC also explored potential ways of generating savings in Council expenditures, including the budget impacts of reducing the compensation for Council Member travel days, and travel and compensation costs relating to a second Council Vice Chair.

Budget Committee Recommendations

Recognizing the base operational funding received by the Council in 2011, the Council guidance from November 2010, and the uncertainties of the budget process for 2012 with a likely decrease in funding, the BC recommends the Council adopt:

1. The proposed initial CY 2011 operational budget of $4,748,877.
Additionally, due to budget concerns, the BC recommends:

2. The elimination of the second Council Vice Chair position for the August 11, 2011-August 10, 2012 term.

3. For Council meeting agenda planning, the final day of each Council meeting be targeted for a half day of agenda items to facilitate homeward travel on the same day and to reduce travel day compensation for Council members.

PFMC
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