

REPORT OF THE BUDGET COMMITTEE

The Budget Committee met on Friday, June 11, 2010 and received the Executive Director's Budget Report. The report covered: (1) the status of funding and expenditures for calendar year (CY) 2010 under the first year of the 2010-2014 Award and no cost extension from the previous grant; (2) a proposed operational budget for CY 2010; (3) expectations for future funding; and (4) an update on the issue of advisory body stipends. The following Budget Committee members were present:

Mr. Jerry Mallet, Chairman
Ms. Michele Culver
Mr. Mark Helvey

Mr. Frank Lockhart
Mr. Rod Moore
Mr. Dan Wolford

Absent: Dr. Dave Hanson
 Mr. Dave Ortmann

Others Present: Dr. John Coon, Mr. Donald Hansen, Dr. Donald McIsaac

Summary of CY 2010 Funding

Dr. McIsaac reported on new funding received or expected by the Council under the first year of the 2010-2014 Award and funds carried over from 2009 in the one year no cost extension. In aggregate, about \$6 M is available, including \$170,000 provided for pass-through purposes to support the 2010 Experimental Fishing Permit for Pacific Sardine research, and \$170,000 provided for pass-through to the California Department of Fish and Game (CDFG) for support of CDFG's role in the Council's groundfish trawl catch share program. In the near future, the Council is expected to receive \$30,000 to initiate activities associated with the Council's consideration of a trailing amendment related to Community Fishing Associations under the groundfish trawl catch share program. Lastly, there are ongoing discussions about supplemental funding for the purpose of enhancing the Council's information and education outreach capabilities.

Proposed CY 2010 Budget and Status of Expenditures

Dr. McIsaac proposed a total CY 2010 operational budget of \$4,971,490, which includes the two pass-through amounts described above and an operational budget consistent with Council direction at the November, 2009 Council meeting. This budget fully utilizes the no cost extension funds from 2009 and the majority of funds received in 2010 while allowing for ongoing operations in 2011.

Expenditure of the proposed CY 2010 budget is proceeding within normal expectations for the first four months of the year. Council staff will closely monitor ongoing expenditures to avoid exceeding the budget and report on any activity adjustments that might be necessary at the September Council meeting.

Preliminary Expectations for Future Funding

Dr. McIsaac reported that the President's proposed fiscal year (FY) 2011 budget is for a continuation of Council-relevant line item amounts at the FY 2010 level with the potential for an additional \$1 M to be shared among the Regional Councils for catch shares program matters. However, there has not been Congressional action on the President's proposed budget to date and most speculation is that a FY 2011 budget will not be finalized prior to the fall national elections. If so, the Council will not know the amount of its CY 2011 funding until after the November Council meeting.

Stipend Payment Update

Dr. McIsaac reported that the proposed CY 2010 budget includes \$85,000 for advisory body stipends similar to 2009. However, it is uncertain at what point National Marine Fisheries Service may release a final rule refining Council administrative procedures, which may include guidelines for issuing stipends and whether it applies to 2010 or only to 2011 and beyond. An update of any restrictions on the Council's use of the \$85,000 allocation will be provided to the Budget Committee at the September Council meeting.

Budget Committee Action and Recommendations

Recognizing the amount and purposes of funding available to the Council in 2010, the Council guidance from November 2009, and the uncertainties of the budget process for 2011, the Budget Committee recommends the Council adopt a CY 2010 operational budget of \$4,971,490.

PFMC
6/17/10