

## REPORT OF THE BUDGET COMMITTEE

The Budget Committee met on September 13, 2004 and received the Executive Director's Budget Report from Dr. Donald McIsaac. The report included the status of current grants and contracts, and funding plans for 2005 and beyond.

### **Status of Current Grants and Contracts**

The Calendar Year 2003 Base Grant has been fully expended in accordance with the overall directions provided by the Budget Committee at its November 2003 meeting.

The audit of 2003 revenues and expenditures has been completed and copies distributed to committee members (in future years the audit report will be distributed prior to the Budget Committee meeting). The auditors' findings for the Council's financial affairs were an unqualified approval and no reportable conditions or material weaknesses were noted.

The expenditure of funds from the Council's total 2004 budget (2004 base grant, Operational Enhancements Grant, and Pacific States Marine Fisheries Commission [PSMFC] Contract) is proceeding within normal expectations. As of July 31, 2004 (58% of the year), expenditures totaled 47% of the budget. This compares with 48% for the same time period in 2003 and is typical for the January through July period. All 2004 contracts with the states and PSMFC have been consummated and partially encumbered. In response to questions, Dr. McIsaac reported that no additional funding had been received for highly migratory species plan implementation.

The committee discussed funding aspects of the October workshop in Baltimore for Regional Council members. The National Marine Fisheries Service (NMFS) will provide funds to the Councils to cover travel and Council member compensation costs. The committee agreed that if a projected year end surplus in Council member compensation remains, such funds could be considered, if necessary, to amend the Idaho State Liaison Contract to cover salary expenses of the Idaho Fish and Game council representative.

### **Funding Plans for Calendar Year 2005 and Beyond**

Dr. McIsaac briefed the committee on the five-year budget process (2007-2011) that all councils have participated in this year to better define their funding needs for Congress. This process resulted from collaboration with NMFS at the annual Council Chairs' meeting and is the same process used by NMFS organizational subdivisions. The Congressional appropriation for Regional Councils has not increased commensurate with the increasing work loads of the Councils and has been supplemented from other line items by NMFS. The budgets developed under the new process recognize the full needs of the Councils and should enhance Congressional understanding of the appropriate annual funding level. Details of the process and resulting projected budgets were provided to the committee in *Regional Fishery Management Council Requirements Analysis*.

The Regional Council report also established realistic council funding needs for 2004, which all Councils have agreed to use as the 2005 grant request. For the Pacific Council, the 2005 request will be \$3,450,898. This compares to a 2004 base grant of approximately \$2.2 million and a total 2004 budget of approximately \$3.2 million.

The Regional Council's and NMFS Grants Management Division also met this summer and agreed upon a new way of submitting Council grant requests. This new process more fully recognizes the unique relationship of the Councils and NMFS and provides a more Council-tailored and efficient process. Under the new process, the Regional Councils will submit a five-year rather than a single- year grant request. The Pacific Council will submit its 2005 through 2009 grant request on October 1. Dr. McIsaac cautioned that there are no guarantees as to the actual appropriation Congress will provide for 2005 and that the timing of any final funding action is extremely uncertain in this election year.

PFMC  
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