

**REPORT OF THE BUDGET COMMITTEE**

The Budget Committee met on March 7, 2005 and received the Executive Director’s Budget Report from Dr. Donald McIsaac. The report included the status of current grants and contracts and budget recommendations for 2005. The following Budget Committee members were present:

Mr. James Harp, Chairman  
 Mr. Donald K. Hansen  
 Dr. David Hanson

Mr. Jerry Mallet  
 Dr. Steve Freese and Mr. Mark Helvey

**Status of 2004 Expenditures**

Dr. McIsaac reported 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 expected to fully exhaust the calendar year (CY) 2004 budget (\$3,213,386), pending final receipt and accounting of all remaining bills. This expectation includes the transfer of \$109,000 in funds dedicated to the groundfish trawl individual quota (TIQ) environmental impact statement (EIS) from the 2004 budget to the 2005 budget. Projections last November indicated the possibility of a small positive balance at year’s end after the transfer. Any savings from 2004 will be made available for 2005.

**Funding for 2005**

Dr. McIsaac reported a significant reduction in Pacific Council funding for 2005 as follows:

<b>2004 Budget</b>		
Base Funding		\$2,178,048
Supplemental Funding		\$1,035,338
Total		\$3,213,386
<b>2005 Budget</b> (funds available as of March 2005)		
Base Funding	\$	2,170,066
Supplemental Funding		\$821,405 <sup>a/</sup>
Total	\$	2,991,471
<b>Budget Difference</b>		<b>\$-221,915</b>

a/ Includes transfer of \$109,000 from 2004 groundfish TIQ funding to 2005 budget.

Dr. McIsaac also presented an email outlining the receipt of recent supplemental funding in the amount of \$68,571 as the Pacific Council’s share of a distribution from NMFS Headquarters to

the regional councils and \$200,000 from the two West Coast NMFS Regions. The email outlined the priorities identified for the funding. These include continuation of expanded efforts for National Environmental Policy Act (NEPA) compliance, resumption of highly migratory species management activities, support of current administrative activity, continuation of activity at the current level on the EFH EIS and Amendment 18 (bycatch), and limited support for the groundfish TIQ EIS effort and Council information and outreach capabilities. Dr. McIsaac provided the committee with proposed 2005 budget scenarios based on those priorities and the available funding.

### **Fiscal Year 2006 Outlook**

Dr. McIsaac stated the current line item funding (status quo) for all regional councils is \$15 million. The President's 2006 budget recommendation is for an increase to \$17.5 million for the regional councils of which \$1 million is earmarked for a competitive grant process between all the councils to work on individual quota measures. Status quo base funding would provide a little less than \$2.2 million for the Pacific Council in 2006. The Council's share of \$16.5 million would be a little less than \$2.4 million. Determination of the final Congressional budget, any potential supplemental funding associated with reauthorization of the Magnuson-Stevens Act, or NMFS discretionary allocations will not be known until late in the year.

### **Budget Committee Deliberations and Recommendations**

The Budget Committee discussed the priorities outlined for the additional \$268,571 in Dr. McIsaac's email and two proposed budget scenario's for incorporating those priorities in the 2005 operational budget. Mr. Donald Hansen moved, and Dr. Dave Hanson seconded, a motion to recommend the Council adopt Budget Scenario #2 for 2005.

Budget Scenario #2 results in the following budget reductions for CY 2005:

- Leaving unfilled the Groundfish Staff Officer position recently vacated by resignation (a reduction of 12 months).
- Termination as of May 31, 2005 of the second Economist Staff Officer position (a reduction of 7 months).
- A reduction of 7.5 months in 2005 for the Associate Staff Officer position.
- A reduction of approximately 5% in the contract funding supplied to Washington, Oregon, and California.
- A reduction in travel, services, and supplies appropriate to the personnel cuts and changes in scheduled meetings.

Under Scenario #2, the Council will retain the NEPA Specialist position and the Administrative Assistant position.

Listed below is information in response to a request for a categorical description of reductions associated with the differences between the 2004 and 2005 total funding levels.

• Council staff wages and benefits	\$	-171,769
• Travel, supplies, and services	\$	-33,033
○ Travel reductions include: Council staff; International Pacific Halibut annual meeting; and various ad hoc committee and TIQ meetings.		
○ Supplies and services reductions include: printing, postage, office supplies, and training.		
• Contract funding for Washington, Oregon, and California at 5% over pre-supplemental funding levels.	\$	-17,113
• Total Reductions	\$	-221,915

PFMC  
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