

## REPORT OF THE BUDGET COMMITTEE

The Budget Committee met on September 19, 2005 and received the Executive Director's Budget Report from Dr. Donald McIsaac. The report included the closure of the Calendar Year (CY) 2004 Base Grant and 2004 audit, status of the 2005 budget and expenditures, and preliminary observations on funding for 2006. The following Budget Committee members were present:

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

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

### **Closure of CY 2004 Base Grant and Final 2004 Audit Report**

The CY 2004 Base Grant was fully expended in accordance with the overall directions provided by the Budget Committee in its November 2004 report to the Council.

The final audit for 2004 revenues and expenditures was completed in June and copies distributed to the committee members with the September briefing book materials. The auditors' findings for the Council's financial affairs were an unqualified approval with no reportable conditions or material weaknesses. The audit covered the 2004 Base Grant and 2004 expenditures under all supplemental funding.

### **Status of 2005 Budget and Expenditures**

Dr. McIsaac reported that the expenditure of funds from the Council's total 2005 budget (consisting of the 2005 Base Grant and supplemental funding primarily committed by the time of the March Budget Committee meeting) is proceeding within normal expectations. As of July 31, 2005, expenditures totaled 45% of the budget. This compares with 47% for the same time period in 2004 and reflects a normal lag in receipt of travel, state contract, and other expenses that is typical for the January through July period. Current projections indicate the possibility of a small positive balance at year's end.

Dr. McIsaac noted that in July, the National Marine Fisheries Service (NMFS) Headquarters committed to provide an additional \$250,000 to the Council's 2005 grant to allow continued progress on the development and analysis of the trawl individual quota program environmental impact statement. This funding will be added to the Council grant by November 1, 2005.

### **Funding for 2006**

Dr. McIsaac reported that it is too early to have any definitive idea of the Council's total funding for 2006. The Fiscal Year (FY) 2006 Congressional budget process has currently progressed to the stage of completing the Senate and House appropriation bill marks, but the conference committee has not met yet. There have been rumors of an early finality to the FY 2006 budget process, but there is also a possibility of lengthy continuing resolutions beyond October 1, 2005, as in recent years. The Council budget since 2001 has been comprised of funding from the Regional Fishery Management Council line item (about 2/3s of the total) and supplemental

funding from NMFS (about 1/3 of the total). Given the current Senate and House appropriation bill marks, it appears such a combination will be needed in 2006 to maintain recent year operational capabilities. The regional council chairs and executive directors will meet with NMFS in late October to deal with budget issues.

### **Budget Committee Recommendations**

The Budget Committee recognizes the current uncertainties in the 2006 Council funding and recommends the following preparations by the Executive Director and staff for the November Budget Committee meeting:

1. Report on the results of the October budget meeting in Washington, D.C.
2. Based on the October budget meeting and knowledge of the Congressional appropriation status, provide some potential 2006 budget scenarios and other information for a discussion of potential Council operational priorities.

PFMC  
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