

BUDGET COMMITTEE REPORT ON FISCAL MATTERS

Budget Committee (BC) Chairman, Mr. Jerry Mallet, called the meeting to order at 10:30 A.M. on September 11, 2006. The following Budget Committee members were present:

Mr. Jerry Mallet, Chairman
Mr. Donald K. Hansen

Mr. Frank Lockhart

[Mr. Dave Hanson and Mr. Mark Helvey were absent.]

No new issues were added to the agenda and Dr. Donald McIsaac proceeded with the Executive Director's Budget Report. The report included a review of the calendar year (CY) 2005 audit report, current status of funding and expenditures for CY 2006, and preliminary expectations for future funding.

CY 2005 Audit Report

Dr. John Coon provided a brief overview of the audit report for CY 2005. He noted that the audit provides a required check to see that we are following proper procedures under our grant authorization and standard accounting practices, and ensuring that our financial documents and reckoning are correct and accurate. The auditor's findings for the Council's financial affairs were an unqualified approval with no reportable conditions or material weaknesses.

Current Status of Funding and Expenditures for Calendar Year 2006

Dr. McIsaac reviewed the 2006 budget (\$3,491,361) and expenditures by major category as of July 31, 2006. He reported that expenditures are proceeding within normal expectations for the first seven months of the year. The November meeting will allow an opportunity to assess the expected year-end balance.

Preliminary Expectations for Future Funding

Dr. McIsaac reported that Dr. Bill Hogarth, (National Marine Fisheries Service (NMFS)) Assistant Administrator, has confirmed \$300,000 will be transferred to the Council by September 30 to allow moving forward on Stage II of the ongoing trawl individual quota (TIQ) program, including progress on the intersector allocation issue. At the June meeting, Dr. McIsaac advised the committee that the cost for the remaining TIQ effort was estimated at \$1.7 million and that he had requested \$600,000 as the level necessary to continue the effort without interruption. While the additional \$300,000 is greatly appreciated, the lag in funding will likely result in some delay past the original plan to complete the process at the November 2007 Council meeting. Dr. McIsaac noted that negotiations have been initiated with Northern Economics, Incorporated, for the next piece of work for Stage II of the TIQ.

With regard to the CY 2007 budget for regional councils, Dr. McIsaac reported that the federal marks include the President's budget at \$18 million, the House at \$15 million, and the Senate at \$30 million. The Senate mark recognizes the regional councils' fact sheet and request for funding that addresses their current needs and eliminates the need for the additional soft money support they have had to seek in recent years. Timing of final action on the budget is uncertain and likely to occur near year-end or even later. A continuing resolution at fiscal year 2006 levels will probably be used to fund activities in the interim. For the November Budget Committee meeting, given the probable lack of budget clarity, staff proposes to provide the committee with a range of budget scenarios and potential priorities, as was done in 2005, for their review and recommendations to the Council. Dr. McIsaac recommended that the Budget Committee meet on Sunday of the November Council meeting beginning at 3 P.M.

Budget Committee Action and Recommendations

The Budget Committee agreed with Dr. McIsaac's proposal for the timing and content of the November Budget Committee meeting on Sunday.

PFMC
09/13/06