

REPORT OF THE BUDGET COMMITTEE

The Budget Committee met on Monday, June 11, 2007 and received the Executive Director's Budget Report on the current status of funding and expenditures under the 2005-2009 Award, and his expectations for future funding. The following Budget Committee members were present:

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

Mr. Mark Helvey/Mr. Frank Lockhart
Mr. Frank Warrens

Absent: Mr. Phil Anderson (Ms. Michele Culver in attendance)
Dr. Dave Hanson (in attendance at concurrent North Pacific Fishery Management Council meeting)

Current Status of Calendar Year 2007 Base Funding

Dr. McIsaac reviewed the sequence of events which established the 2007 funding available to the Council. The funding process this year was especially delayed due to the fact that Congress did not act on the Federal budget until mid-February 2007. While the Senate mark identified the much needed level of \$30 million for the regional council's line item, the final adoption was status quo at \$15 million, resulting in a Pacific Council share of about \$2.2 million. Given the 2007 budget target of \$3.2 million to maintain Pacific Council status quo operations at the 2006 level, additional critical funding was needed from supplemental line item sources. Significant amounts of the supplemental funding for the Pacific Council were received in early May, and, at this time, the Pacific Council has received about \$2.7 million, or about 85 percent of the amount needed to cover status quo base funding at the 2006 operational level. The Council Chair and Executive Director have received verbal assurances that the full \$3.2 million needed for status quo base operations will ultimately be provided.

Proposed 2007 Base Budget and Status

Dr. McIsaac presented the committee with a total proposed 2007 operational base budget of \$3,255,454. This budget provides for continuation of status quo programs and Council staffing.

Expenditure of the proposed 2007 budget is proceeding within normal expectations for the first four months of the year.

Groundfish Trawl Rationalization (IQ) Funding

In May, the Council received \$1.4 million to complete the necessities for final Council recommendations regarding groundfish trawl rationalization (IQ) considerations, including the Intersector Allocation Environmental Impact Statement (EIS) and the Trawl Rationalization EIS. This amount, combined with funds remaining from \$300,000 in dedicated funds received late in 2006, provides a total of about \$1.6 million to support the program for 2007 through 2009. This funding will be used to support meetings, contractors, and Council staff working on IQ issues. Dr. McIsaac will provide the committee with a spending plan for 2007-2009 in September.

Preliminary Expectations for Future Funding

For 2008, Dr. McIsaac reported that the President's budget includes \$19 million for the regional council's line item. If this level were enacted, it would be an increase over the recent funding level of \$15 million, but would not provide hard funding at the level the councils need to maintain status quo operations under the combination of hard and soft funding they have been receiving.

At this time, there is considerable uncertainty in Council funding for 2008, including both the risk that funding for status quo operations will be insufficient and that delays similar to calendar year 2007 might occur.

Other

The committee also discussed funding possibilities for development of an Ecosystem Fishery Management Plan. Efforts are going forward to explore the possibilities of a separate award for that purpose.

Budget Committee Action and Recommendations

Recognizing the base operational funding received and expected to be received by the Council in 2007 and the uncertainties of the budget process for 2008, the Budget Committee recommends the Council adopt:

1. The 2007 operational base budget proposed by Dr. McIsaac of \$3,255,454; and
2. A carry over of savings from the 2006 budget year to protect the operational continuity and capacity of the Council in 2008.

PFMC
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