

REPORT OF THE BUDGET COMMITTEE

The Budget Committee (BC) met on Sunday, November 4, 2007 and received the Executive Director's Budget Report. The report included (1) the current status of funding and expenditures for calendar year (CY) 2007 base activities and the groundfish trawl rationalization and intersector allocation (TR/IA) budgets, and (2) potential funding scenarios and priorities for 2008 and a provisional CY 2008 operating budget. The following BC 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

Current Status of Funding and Expenditures

CY 2007 Base Activities

Dr. McIsaac reviewed the receipt of funding to support base Council activities for CY 2007. Since the previous BC Report in September, the Council has received the expected, additional \$200,000. This amount completes the National Marine Fisheries Service (NMFS) commitment to provide total CY funding to replicate the Council's 2006 base operational capabilities (about \$3.3 M). No other funds are expected to be received.

A review of the CY 2007 base budget (\$3,271,454) and expenditures through September 30 and a projection of expected expenditures through year end, estimates a likely positive balance of around \$56,000. Any final realized balance will be carried over to protect Council base activities in CY 2008.

Groundfish Trawl Rationalization and Intersector Allocation Activities

Dr. McIsaac reviewed the groundfish TR/IA budget and expenditures through September 30 and reported a likely year end positive balance of about \$36,000. Any final realized balance will be carried over to fund ongoing TR/IA activities in 2008.

Potential Funding Scenarios and CY Provisional Operating Budget for 2008

For federal fiscal year (FY) 2008, Dr. McIsaac reported that the funding mark for the Regional Councils is the same in the budget proposals of the President and both Houses of Congress--\$17.998 M. There is also a possibility that Congress could fund FY 2008 via a continuing resolution at FY 2007 levels. On that basis, the Regional Council line item would be \$15 M. Based on this range of funding for 2008 and the TR/IA funds already on hand, Dr. McIsaac provided the BC with some potential funding and budget scenarios for the Council's total operating budget.

One of these scenarios identified a Minimum Full Staffing Benchmark of about \$3.7 M which Dr. McIsaac proposed as the Total Provisional Operating Budget for CY 2008. He stated the probability of the Council receiving at least the Minimum Full Staffing Benchmark is high. In addition, he

identified budget priorities for funding scenarios at levels above and below this full staffing level and asked the BC to consider adopting this as guidance for 2008.

Budget Committee Recommendations

Based on the information provided by Dr. McIsaac in his display of funding scenarios and priorities, the BC recommends the Council adopt the following provisional budget and priorities to guide budget development and programmatic activities for CY 2008.

1. Adopt the CY 2008 Minimum Full Staffing Benchmark as the Total CY 2008 Provisional Operating Budget, which is currently estimated to be \$3,726,419. This budget is provisional, pending final cost-of-living figures, per diem, and base funding levels other than \$3.7 M as described in #2 and #3 below. The provisional budget will support Council operating capability at the current staffing level and allow for most base program operations as well as the TR/IA programs to proceed on schedule. Base program limitations at this budget level would include:
 - a) Delayed Council staff involvement in Open Access Limited Entry efforts and the High Seas Shallow-Set Longline Amendment;
 - b) No Council staff involvement in consideration of Pacific whiting bycatch adjustments for 2008 that require an Environmental Assessment (EA); and
 - c) Minimizing groundfish inseason management.
2. In the event funding exceeds the Minimum Full Staffing Benchmark (\$3.7 M), the BC recommends:
 - a) Up to a level of \$4.2 M—resume, to the extent practicable with no staffing changes, the projects identified as delayed in #1a and #1c above (this would require the use of outside contractors) and carryover the balance to protect Council operating capacity in CY 2009 when funding certainty could be more problematic than 2008;
 - b) Between \$4.2 M and \$4.6 M—consider initiating ecosystem fishery management plan development, with further consideration of the proposed budget for this endeavor at the March 2008 Council meeting; and
 - c) Greater than \$4.6 M—Convene a March BC meeting to consider potential actions.
3. In the unlikely event funding falls short of the Minimum Full Staffing Benchmark (\$3.7 M), the BC recommends:
 - a) Down to a level of \$3.5 M—Transfer the bulk of environmental impact statement or EA development and analysis for the groundfish biennial specifications and management measures to NMFS while shifting the costs and efforts of all associated Council staff to the TR/IA projects; and
 - b) Less than \$3.5 M—Convene a March or earlier emergency BC meeting to consider potential actions.

PFMC
11/9/07