

REPORT OF THE BUDGET COMMITTEE

The Budget Committee (BC) met on Saturday, June 7, 2008 and received the Executive Director's Budget Report. The report covered the current status of funding and expenditures under the 2005-2009 Award, proposed budgets for calendar year (CY) 2008 base operations and the trawl rationalization program for CYs 2008 and 2009, and expectations for future funding. The following Budget Committee members were present:

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

Mr. Mark Helvey
Mr. Frank Warrens

Absent: Mr. Frank Lockhart
Dr. Dave Hanson (in attendance at concurrent North Pacific Fishery Management Council meeting)

Current Status of CY 2008 Base Funding

Dr. McIsaac reviewed the sequence of events which established the 2008 funding available to the Council. The regional council line-item in the federal fiscal year (FY) 2008 budget had a small increase over the 2007 budget, yielding just under \$2.5 M to our Council compared to a little less than \$2.2 M in 2007. Additional soft money funding has been provided by NMFS to bring the total funding received to date to a little over \$3 M. The only remaining funding expected in the near future is about \$100 K for supporting improvements in the Council's peer review process of stock assessments to occur after funding is received.

Proposed CY 2008 Base Budget and Status of Expenditures

Dr. McIsaac presented the committee with a total proposed CY 2008 operational base budget of \$3,235,891. This budget utilizes the funding received in 2008 (\$3 M) and, with the addition of some savings from 2007, provides for continuation of status quo programs and Council staffing while also supporting some contract work on Groundfish Amendment 22 (Open Access Limitation).

Expenditure of the proposed CY 2008 budget is proceeding within normal expectations for the first four months of the year.

CY 2008 and 2009 Groundfish Trawl Rationalization and Intersector Allocation Funding and Proposed Budgets

Remaining, dedicated funding for the groundfish trawl rationalization program (including the Intersector Allocation Environmental Impact Statement [EIS]) stood at about \$1.3 M at the start of CY 2008. This was about \$21,000 more than planned for in the combined CY 2008 and CY 2009 budgets. Based on that available funding, Dr. McIsaac presented the BC with proposed minor revisions to the CY 2008 and CY 2009 trawl rationalization budgets which would result in budgets of \$795,119 and \$539,483 for CYs 2008 and 2009, respectively.

Preliminary Expectations for Future Funding

For 2009, Dr. McIsaac reported that the President's FY 2009 budget includes \$18.9 million for the regional council line item. This would be about \$1.6 M more than the 2008 line item budget, but this line item total alone would be well short of the funding level the regional councils need to maintain status quo operations under the combination of hard and soft funding they have been receiving. In addition, with the imminent change in administration, there is a great deal of uncertainty as to the federal FY 2009 budget that will be enacted and also concern that the enactment could be delayed to as late as mid-March 2009.

Budget Committee Action and Recommendations

Recognizing the base operational funding received by the Council in 2008; the Council guidance from November 2007, and the uncertainties of the budget process for 2009, the Budget Committee recommends the Council adopt:

1. The CY 2008 operational base budget proposed by Dr. McIsaac of \$3,235,891;
2. A carry over of savings from the 2007 budget year to protect the operational continuity and capacity of the Council in 2009;
3. The CY trawl rationalization program budgets proposed by Dr. McIsaac of \$795,119 for CY 2008 and \$539,483 for CY 2009.

The BC also suggests that given the continued increase in fuel costs, the staff look carefully at travel cost estimates for the remainder of the year which could require further budget adjustments.

PFMC
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