



September 1, 2009

Honorable Lisa Murkowski
709 Hart Senate Office Building
Washington DC, 20510

Honorable Mark Begich
144 Russell Senate Office Building
Washington DC, 20510

Re: Pacific Salmon Treaty – Reduction in FY10 Budget Funding

Dear Senators,

We appreciate your ongoing support of our fisheries and recognize that you have tirelessly worked on behalf of Alaska fishermen. SEAGO represents a comprehensive group of sport fishermen in Southeast Alaska that creates \$300M income and 3,000+ jobs annually throughout the region. We request your continued assistance in solving a problem that is of great concern to all involved and strongly believe that your immediate direct intervention is required.

Our Problem – We have learned that the proposed federal Department of Commerce FY10 budget funding for Pacific Salmon Treaty and other related mitigation programs may be severely cut. This fails to recognize Alaska’s vital role in securing another 10-year agreement with Canada, and leaves individual Alaska fishermen solely bearing the financial burden of the new treaty agreement.

<u>Budget Item</u> ⁽¹⁾	<u>Target Funding</u>	<u>Current Forecast</u>	<u>Shortfall</u>	<u>Percent</u>
Pacific Salmon Treaty - Operating	\$7.6M	\$5.6M	-\$2.0M	
Chinook Letter of Agreement	\$1.8M	\$ -	-\$1.8M	
2008 Agreement Funding ⁽²⁾	\$7.5M	\$4.5M	-\$3.0M	
Pacific Coastal Salmon Recovery ⁽³⁾	<u>\$9.0M-\$27M</u>	\$ -	-\$9.0M	
Total	\$25.9M-\$48M	\$10.1M	\$15.8M	-61%

(1) Additional detail information provided in Attachment 1
 (2) Total AK funding request is \$30M to be allocated over several years
 (3) Amounts have varied from year to year since 2000

SEAGO strongly supports the inclusion of all PST-related monies into the budget as vital to the continued success of the Pacific Salmon Commission and salmon populations up and down the west coast. We are asking for your assistance to ensure that federal dollars originally set aside to mitigate Alaska fishermen do not get redirected to other programs or go away altogether.

Negative impact to Alaska Guides and Communities - Our businesses are a vital part of the economy of communities throughout Southeast Alaska. As you know, we have endured a steady



progression of decreased catch limits to the species most important to our customers. We accept these changes when conservation is the rationale, as evidenced by the extremely challenging 2008 king salmon regulations that essentially forced the non-retention of king salmon after July 15th. However the 'perfect storm' convergence of reduced salmon runs and the very poor 2009 economy has resulted in dire consequences to our guides and lodge owners as well as the communities in which we live. Guide bookings are down 20-50% plus, and tourism associated revenues have declined by as much as 40%.

Sport fishing in Alaska contributes \$1.4 Billion to the Alaska economy according to a recent ADF&G analysis making it the 4th largest contributor to the State's GDP. If funding for the PST programs is substantially diminished or withheld, continued economic harm to guides, lodge operators, and the communities in which we live and work will result. Alaskan economic and natural resource policy needs to support the greatest economic leverage it can and these initiatives are a vital component.

Without a substantial change in support of our salmon management policies we face continued deterioration of this precious resource. ADF&G is committed to salmon sustainability but they need funding to conduct research and implement enhancement programs. Similarly sportfishing guides and lodge owners need assistance in order to make up for prior concessions and to continue growth of this key economic resource of the Alaska economy. A list of proposed uses for this funding is shown on Attachment 2.

Your Assistance is Requested – Alaskan fishermen need your help, along with the cooperation of Washington and Oregon Senators and Representatives. Without strong leadership from our Alaska delegation, Washington and Oregon will get the message that the mitigation money is not important to Alaska, or that it can be spent on broader salmon-related projects that have only a slight impact in Alaska. With your assistance, mitigation money will be invaluable in offsetting the harvest reductions Alaska made to finalize the Treaty negotiations and will make important steps forward in preserving healthy and sustainable salmon populations.

Sincerely,

John A. Blair

Executive Director

john@seagoalaska.org

925-366-6638

cc: D. Bedford, C. Swanton, Alaska Department of Fish & Game, via email
Don Young, Representative, 2111 Rayburn House Office Building, Washington, DC 20515



Attachment 1

Pacific Salmon Treaty Related Federal Funding
(Information provided by Alaska Department of Fish & Game)

PST Funding

Annual Operating Funds - The funding for annual PST obligations undertaken by the states and tribes and for operations of the U.S. Section comes through the departments of State and Commerce. I believe the State Department funding for Section operations is looking okay, but the Commerce proposal of \$5.6 million in the President's budget is \$2 million less than the \$7.6 requested by the Section. Alaska receives about 40% of the Commerce funds which means we will receive about \$800k less at the \$5.6 level. {Note: one area that is confusing is the \$400k of annual appropriations in the Commerce budget for TBR enhancement obligations. That amount is in the President's request as a separate line item. In attempts to streamline things, the U.S. Section in recent years has included the TBR money in our overall request. Thus our overall U.S. request was for \$8 million and my reference to \$7.6 million above is recognizing that the \$400k is in a separate line item}

These annual PST funds are critical to the management of salmon in the S.E. Region. The \$5.6 million is less money in "real dollars" than was provided with the treaty in 1985. The demands of the current treaty agreement and scientific advances such as stock identification all cost money, and the state needs adequate support to properly implement the federal obligation of the PST.

Chinook Letter of Agreement (LOA) - Funding for the LOA is accommodated in the Commerce budget at the requested level of \$1.8 million. These funds are annually dispersed by the U.S. Section through a competitive grant process to priority Chinook related projects. For 2009, since funding from the Northern Fund and Southern Funds was not available due to the decline in value, a large component of LOA funding was dedicated to the Sentinel Stocks Program (good escapement evaluation on priority systems) called for in the 2008 Agreement. Depending upon investment performance of the Funds, the LOA may again be a source for 2010.

2008 Agreement Funding - A first payment of \$15 million for Canada to meet the \$30 million obligation for the negotiated harvest reduction in the WCVI fishery is in the State Department budget. It is anticipated that there will be a second \$15 million next year as the treaty specifies full payment by 2011.

As you recall, the direct funding for U.S. interests was not specified in the Treaty since it is not an international obligation, but was something negotiated within the U.S. Section as part of the process of reaching agreement. The initial request (in May 2008 immediately following the agreement) of the U.S. Section was for \$15 million for Alaska to help mitigate the impacts of the Chinook harvest reductions, and \$15 million for the U.S. South (states and Tribes) for use in support of projects for "critical stocks" in Washington and Oregon. Soon after, through meetings with constituencies and Congressional delegations, the requests for Alaska mitigation and PNW critical stocks work were increased to \$30 million for each program and that is the current Section



position. It was recognized that this funding would not all come in one appropriation, but that it was important to get a significant component in the FY 10 budget as we will be mitigating for the reductions in Alaska that started this season, and that the work in the PNW is needed now for work benefiting stocks that are not in good condition.

The President's budget for the Department of Commerce included \$7.5 million for Alaska and \$7.5 for the U.S. South. The Senate Appropriations Committee mark-up of the Commerce budget has reduced these amounts to \$4.5 for each program. The U.S. Section is supporting a return to the \$7.5 million level for both programs for this year with additional funding to follow in subsequent fiscal years.

Pacific Coastal Salmon Recovery

This program provides funding for salmon and steelhead related projects in Washington, Oregon, California, Idaho, Alaska, and starting this year, Nevada. (seems the very distant headwaters of the Snake River drainage system have "roots" in Nevada). In Alaska, our program was called the Southeast Sustainable Salmon Fund (SSSF) until last year when it was renamed the Alaska Sustainable Salmon Fund (AKSSF) in recognition of its statewide focus. Alaska has received allocations of PCSRF since 2000 with annual amounts ranging from \$9 million to \$27 million. The allocation of funds to the various states and tribes eligible to receive funds (as well as many "earmarks" for use in specific ways) was congressionally designated though 2007. With congressional designation falling out of favor in D.C., starting with the 2008 appropriation NMFS has conducted a competitive application process for the states and tribes. Last year NMFS conducted the application process with language about their priority categories that would be considered. Those were:

- For salmon and steelhead stocks listed as threatened or endangered or in danger of being considered for listing
- For salmon and steelhead stocks that are utilized by Tribal treaty fisheries or for Native subsistence
- For salmon and steelhead habitat

Much of Alaska's AKSSF program is aimed at assuring the long-term sustainability of our fisheries resources, and sustainability was recognized in the Congressional language that authorized the PCSRF program through 2008. Thus we were able to secure funds in the competitive process in 2008 to support the basics of our comprehensive AKSSF program as the authorizing language was broader than the NMFS priorities. However, for FY 2009 Congress adopted the NMFS priority language in the budget which now restricts uses to those consistent with the list above. We submitted our application for FY 09 funding to NMFS under the approved use language, and have received an allocation of \$9 million. This will be allocated under a competitive, call for proposals process this fall.

For the first time since 2000, the budget coming from the President for FY 2010 did not include a specific line item for PCSRF. There was a generic line item for "Species Recovery" and a promise



that a portion of that was going to be for PCSRF. That did not sit well with Congressional delegations from the West Coast, especially in the Senate, and there is currently a line item in the Senate Appropriations Committee budget that funds the overall PCSRF program at \$80 million for FY 2010. Unfortunately the Senate appropriation currently contains the same, restrictive language as last year, and we are currently working with our Congressional delegation and others to broaden the language for FY 2010 in order to accommodate uses that sustain resources rather than just recover ones that are already in bad shape.



Attachment 2 Intended use of Pacific Salmon Treaty Mitigation Funds

Multiple salmon recovery and enhancement programs are at stake. These programs will be administered by the Alaska Department of Fish and Game and Alaska Department of Commerce in collaboration with commercial and sport fishing interests throughout SouthEast Alaska. Targeted initiatives include:

- Proven enhancement programs targeting Chinook production lost through the Treaty reductions,
- Proven enhancement programs targeting Coho salmon to effectively offset the financial impact of reduced Chinook harvests,
- Direct compensation to affected fishermen for lost harvest opportunity,
- Vessel loan programs,
- Community access & infrastructure expansion,
- Tourism, education and seafood related marketing programs,
- Chinook & Coho scientific research, and
- Habitat restoration.

Led by ADF&G, scientific experts and stakeholders will participate in the prioritization of various initiatives within these categories, as well as others that may be identified as financial resources become available.