

EXECUTIVE DIRECTOR'S REPORT TO THE BUDGET COMMITTEE June 2017



2017 BUDGET PLANNING STATUS

- The primary charge to the Budget Committee at this meeting is (usually) to:
 - Recommend a 2017 Operational Budget to the Council for use during the remainder of the 2017 Calendar Year*
 - 2017 Base Funding is known but reliable soft funding and special project funding requests are still approximate
 - Possibility of additional special project funding
 - Will update provisional budget at this meeting and recommend final Operational Budget in September

* COP 9: At the first opportunity following Congressional appropriations, confirmation of fiscal assumptions, updates, and resolution of uncertainties contained in the preliminary annual budget, Council staff prepares updated final annual budget for Budget Committee review, approval, and forwarding to the Council for approval at the earliest opportunity, including potentially at the same meeting.



CY 2017 Funding and Budget Summary

Source of Funds or Designated Use	Dollars	Comments
New CY 2017 Funds		
Base and Ongoing Soft Funds:		
Received (1/12/17)	\$672,173	
Received (3/22/17)	<u>\$1,037,935</u>	
Total	\$1,710,108	
Remaining Estimated Base and Ongoing Soft Funds		
Remaining Base (estimated on May 2017 CCC)	\$2,061,890	
Ongoing Soft Funds	TBD	<i>\$686 in 2016: NEPA, ACL, SSC, Stipends</i>
Designated Supplemental Funding Expected		
National SCS	\$125,000	<i>Requested \$125K</i> 2017-2018
ISC funded travel through SWFSC	\$3,500	<i>Approximate</i> 2017
IFQ - Intersector quota pounds trading	\$125,000	<i>Requested \$83K for Discard Credits</i> 2017-2018
NS1Gs Carryover	\$149,000	<i>Requested \$149K</i> 2017-2018
Fishery Ecosystem Plan Initiatives	\$90,000	<i>Requested \$276K</i> 2017-2019
Additional Supplemental Funding Requested		
Swordfish Management		<i>Requested \$142K</i> 2017-2018
Electronic Technologies		<i>Requested \$140K</i> 2017-2018
CCC Habitat Workgroup		<i>Requested \$15K</i> 2017-2019
Subtotal New Funds	<u>\$4,264,498</u>	
Remaining Funds from 2016	<u>\$2,693,434</u>	<i>\$355K obligated for Catch Share Review</i>
<i>(Including Special Projects/Funds not utilized in prior year.)</i>		
Total Funds (On hand or expected as of June 2)	\$6,957,932	<i>Does not include yet to be determined Soft funds</i>



CY 2017 Funding and Budget Summary

NOVEMBER 2016 COUNCIL GUIDANCE REGARDING CY 2017 OPERATIONAL BUDGET

Adopted November Financial Recommendations	Provisional Budget
<ul style="list-style-type: none"> Approved Provisional CY 2017 Operational Budget Approved SCS Meeting 	\$4,759,362 <u>\$125,000</u> <i>Scheduled January 2018</i> 4,884,362 <i>November 2016 Approved Provisional Budget</i>
<p>Direct Council staff to work with NMFS to pursue special supplemental funding for the following projects, in priority order: 1) Fishery Ecosystem Plan initiatives , 2) Individual Fishing Quota (IFQ) Trailing Actions/Omnibus Projects, 3) Swordfish Management, 4) National Standard 1 Guideline Revision, 5) Electronic Technologies, and 6) CCC Habitat Workgroup.</p>	

REVISED CY 2017 PROVISIONAL BUDGET

Item	Dollars	Comments
Provisional CY 2017 Budget	\$4,884,362	Adopted November 2016
Proposed Adjustments to Projects & Expenses:		
SCS Meeting	-\$125,000	SCS meeting now scheduled for 2018
FEP Special Project	\$90,000	First Year of Fishery Ecosystem Plan
Total Other Adjustments	-\$243,947	Primarily updates due to reduction in travel and funded for actual staff levels in 2017.
Updated CY 2017 Provisional Budget	<u>\$4,675,416</u>	Doesn't include carryover or intersector trading
Projected Delayed Spending Account at Year End 2017	\$2,282,516	Includes funding for projects continuing in 2018-2019, additional soft funds for FY 2017 are yet to be determined



Expenditures for CY 2017 through May

Category	Total Budget 2017	Expenditures thru 5/31/17	% of Total Budget	Expenditures Remaining
Staff Wages & Benefits	\$ 2,189,503	\$ 860,578	39.30%	\$ 1,328,925
Travel	\$ 959,045	\$ 366,086	38.17%	\$ 592,959
Supplies & Services	\$ 591,822	\$ 241,525	40.81%	\$ 350,297
Contractual				
Council Member Compensation	\$ 241,946	\$ 79,098	32.69%	\$ 162,848
Advisory Body Stipends	\$ 69,499	\$ -	0.00%	\$ 69,499
Liaison & PIn (State, PSMFC, Other)	\$ 623,600	\$ 34,640	5.55%	\$ 588,960
Total 2017	4,675,415	\$ 1,581,927	33.84%	\$ 3,093,488

Detail of State and PSMFC Liaison and Planning, and Other Contractual for 2017

Contract	2017 Budget	Billed thru 5/31/17	Balance Remaining
Alaska - Liaison & Planning	\$ 22,527	\$ -	\$ 22,527
California - Liaison & Planning	\$ 133,212	\$ -	\$ 133,212
Idaho - Liaison & Planning	\$ 37,527	\$ -	\$ 37,527
Oregon - Liaison & Planning	\$ 141,524	\$ -	\$ 141,524
Washington-Liaison & Planning	\$ 131,524	\$ -	\$ 131,524
PSMFC-Liaison & Planning	\$ 41,537	\$ -	\$ 41,537
Subtotal	\$ 507,850	\$ -	\$ 507,850
Other Contractual (e.g., GF Spx, Sal, IQ)	\$ 115,750	\$ 34,640	\$ 81,110
Grand Total	\$ 623,600	\$ 34,640	\$ 588,960



2017 Provisional Budget Update

Category	Final Approved Budget 2016	Approved Provisional Budget 2017	Revised Provisional Budget 2017
Staff Wages & Benefits	\$ 2,151,329	\$ 2,289,722	\$ 2,189,503
Travel	\$ 1,054,718	\$ 976,428	\$ 959,045
Supplies & Services	\$ 589,799	\$ 572,425	\$ 591,822
Contractual			
Council Member Compensation	\$ 227,366	\$ 228,688	\$ 241,946
Advisory Body Stipends	\$ 69,499	\$ 69,499	\$ 69,499
Liaison & Pln (State, PSMFC, Other)	\$ 738,557	\$ 622,600	\$ 623,600
Total 2017	4,831,268	4,759,362	4,675,415

Contract	Final Approved Budget 2016	Approved Provisional Budget 2017	Revised Provisional Budget 2017
Alaska - Liaison & Planning	\$ 22,527	\$ 22,527	\$ 22,527
California - Liaison & Planning	\$ 145,691	\$ 133,212	\$ 133,212
Idaho - Liaison & Planning	\$ 42,814	\$ 37,527	\$ 37,527
Oregon - Liaison & Planning	\$ 146,619	\$ 141,524	\$ 141,524
Washington-Liaison & Planning	\$ 136,619	\$ 131,524	\$ 131,524
PSMFC-Liaison & Planning	\$ 41,537	\$ 41,537	\$ 41,537
Subtotal	\$ 535,807	\$ 507,850	\$ 507,850
Other Contractual (e.g., GF Spx, Sal, IQ)	\$ 202,750	\$ 114,750	\$ 115,750
Grand Total	\$ 738,557	\$ 622,600	\$ 623,600



What's Different in 2017

- Health Care Benefits - Lower Costs
 - Small Business Classification in 2016
 - First Data Point for 2017 Planning
- Travel Expectations - Lower Costs
 - Stock Assessments in 2017 increase costs
 - Catch Share Review Hearings in 2016
 - Webinars in 2017 decrease costs
- Contracts - Lower Costs
 - Mclsaac on Contract Most of 2016
 - State Contracts - More Special Project Funding in 2016
- Special Projects - Lower Costs, for Now
 - Only FEP approved to date
 - Carryover and Intersector Trading not included yet



Health Care Benefits

Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Budget	204K	235K	232K	210K	199K

- Maintaining Benefits While Reducing Costs
 - High Deductible Plan
 - Augmented Benefits with HRA
 - Total Exposure Like Higher Premiums
 - Actual Expense Less Because Everybody Doesn't Need Full Benefits Every Year
 - ~ 20% of total exposure
- The Bottom Line is Saving Money While Maintaining Benefit Level



Final Expenditures for CY 2016

Category	Total Budget 2016	Final 2016 Expenditures	% of Total Budget
Staff Wages & Benefits	\$ 2,151,329	\$ 2,003,332	93%
Travel	\$ 1,054,718	\$ 797,614	76%
Supplies & Services	\$ 589,799	\$ 513,854	87%
Contractual			
Council Member Compensation	\$ 227,366	\$ 232,495	102%
Advisory Body Stipends	\$ 69,499	\$ 66,572	96%
Liaison & Pln (State, PSMFC, Other)	\$ 738,557	\$ 675,579	91%
Total 2016	\$ 4,831,268	\$ 4,289,446	89%

Detail of State and PSMFC Liaison and Planning, and Other Contractual for 2016

Contract	2016 Budget	Final 2016 Expenditures	Balance Remaining
Alaska - Liaison & Planning	\$ 22,527	\$ 22,527	\$ -
California - Liaison & Planning	\$ 145,691	\$ 145,691	\$ -
Idaho - Liaison & Planning	\$ 42,814	\$ 42,814	\$ -
Oregon - Liaison & Planning	\$ 146,619	\$ 146,618	\$ 1
Washington-Liaison & Planning	\$ 136,619	\$ 130,524	\$ 6,095
PSMFC-Liaison & Planning	\$ 41,537	\$ 41,537	\$ -
Subtotal	\$ 535,807	\$ 529,711	\$ 6,096
Other Contractual (e.g., GF Spx, Salmon, IQ)	\$ 202,750	\$ 145,868	\$ 56,882
Grand Total	\$ 738,557	\$ 675,579	\$ 62,978



Report Card - How are We Doing?

Budget v. Expenses	2016	2015	2014	2013
• Wages and Benefits:	A-	A-	A	A
• Fairly Predictable: Wages, Vacancies				
• Travel	C+	C	A-	B+
• More Variable: Attendance, Other Meetings, Airfare				
• Supplies and Services	B+	C+	B+	B+
• Fairly Predictable: Hotel, Rent, Equipment Leases				
• Contractual	A-	B-	A	A
• Fairly Predictable: Council Member Compensation, State/Project				

• The Bottom Line is Expenses Are Usually Under Budget



Expectations for Future Funding

- 2017 NMFS Spend Plan by mid-July
 - Reliable Soft Funds
 - NEPA, ACL, Reg Streamlining, Stipends, Peer Review
 - 16% of 2016 Congressional Appropriations
 - Special Project Requests - 2017-2019
 - \$364K for FEP, IFQ
 - Need more detailed breakout to update budget
 - Possibility of additional funds
 - SCS-6 Request
 - \$125K requested from FY17 appropriations
- FY18 Presidents Budget: Council Commissions Line Item
 - 2016 - \$33,470,000 Enacted
 - 2017 - \$34,245,000 Enacted
 - 2018 - \$33,407,000 Proposed



2018 Budget Planning

- September - Identify Priorities
 - COP 9: Council Staff prepares for consideration by the Budget Committee a proposed preliminary annual budget for Council operations which documents all major aspects of the Council's fiscal affairs and identifies balances, performance obligations, potential amounts and sources of current and future fiscal year funding, current and projected costs of activities, and addresses multi-year cash-flow needs, staffing stability and other contingencies while generally associating higher priority Council activities with secure funding sources.
 - Final Audit Report
- November - Adopt Provisional 2018 Budget
 - COP 9: Budget Committee modifies/approves the proposed preliminary budget and forwards recommendations to the Council for approval and provisional use beginning January 1 of the next year.



Council Staff Recommendations

- Consider An Updated Provisional 2017 Budget of \$4,759,362
 - Does Not Include SCS-6 \$125,000 (Moved to 2018)
 - Expect increase with addition of known special project funding
- Discuss additional 2017 special project priorities
- Incorporate Reliable Soft Funding and other Special Projects into final Operational Budget for consideration in September
- Prepare for 2018 by Identifying Priorities at the September Meeting



BUDGET COMMITTEE DISCUSSION AND RECOMMENDATIONS

