

EXECUTIVE DIRECTOR'S REPORT TO THE BUDGET COMMITTEE June 2019



BUDGET COMMITTEE TASKS

At this meeting the Budget Committee needs to:

- Recommend a 2019 Operational Budget to the Council for use during the remainder of the 2019 Calendar Year*
- Review and recommend project priorities for a no-cost one year (2020) extension budget for the 2015-2019 Grant**
- Review and recommend 2020-2024 Grant application narratives, including a detailed 2020 provisional budget***



* 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.

** COP 9: Council staff prepares and submits any necessary application for extension of the five-year grant with information related to financial balances and performance obligations remaining within the grant, immediately informing the Chair of the Budget Committee of the application, and briefing the Budget Committee of the circumstances at its next meeting.

*** COP 9: Budget Committee considers, approves and forwards the five-year grant application for Council consideration. Council adopts its five-year grant application and submits to NMFS for approval.

CY 2019 Funding and Budget Summary

Source of Funds or Designated Use	Dollars	Comments
New CY 2019 Funds		
Base and Ongoing Soft Funds:		
Received (12/6/18)	955,572	PPA Base Funds
Received (2/14/19)	200,000	PPA Base Funds
Received (4/22/19)	1,000,000	PPA Base Funds
Received (5/23/19)	2,429,619	PPA/MPS Funds
2019 Funds Received as of 5/23	<u>4,585,191</u>	
Special Project		
ISC19 - Received (5/23/19)	4,471	
Subtotal New Funds	<u>\$4,589,662</u>	
Remaining Funds from 2018	<u>\$3,199,113</u>	
(Including Special Projects/Funds not utilized in prior year.)		
Total Funds (On hand)	\$7,788,775	



CY 2019 Funding and Budget Summary

CY PROPOSED 2019 OPERATIONAL BUDGET

Item	Dollars	Comments
CY 2019 Provisional Budget	<u>\$4,976,401</u>	Adopted November 2018
Proposed Adjustments to Projects & Expenses		
Southern Resident Killer Whale	\$50,874	
CCI Scenario Planning	\$61,490	
SCS Proceedings	\$15,000	
Halibut Workshop	\$15,682	
CSNA Meeting	\$17,819	
Other Adjustments	<u>\$66,408</u>	Retroactive pay increases, purchase of new sound equipment, technology upgrades to support 508 compliance, E-portal, additional office space
Proposed CY 2019 Operational Budget	\$5,203,674	
Projected Delayed Spending Account at Year End 2019	\$2,585,101	



Differences in 2019 Operational and Provisional

- Salaries and Benefits - Similar
 - COLA, Reclassification
 - Health Care Benefits, Leave Account
- Travel Expectations - Higher Costs
 - SaMTAAC, SRKW, Climate Initiative, Halibut
 - Council meeting attendance
- Services and Supplies - Higher Costs
 - Transcription Service for Council Action
 - Sound Equipment
 - Council and Committee Meeting Space
 - Software upgrades for 508 compliance
- Contracts -Higher Costs
 - Council Member Comp: More meetings, COLA
 - Outside Consultants and Contracts - SaMTAAC, Climate Initiative, Salmon Rebuilding Plans, Public Comment Portal



Expenditures for CY 2019 through May

Category	Proposed Operational Budget* 2019	Expenditures* 5/31/2019	% of Total Budget	Expenditures Remaining
Staff Wages & Benefits	\$ 2,315,217	\$ 916,314	39.58%	\$ 1,398,903
Travel	\$ 1,208,285	\$ 395,264	32.71%	\$ 813,021
Supplies & Services *	\$ 647,833	\$ 217,942	33.64%	\$ 429,891
Contractual				
Council Member Compensation	\$ 252,975	\$ 79,093	31.26%	\$ 173,883
Advisory Body Stipends	\$ 69,499		0.00%	\$ 69,499
Liaison & Pln (State, PSMFC, Other)	\$ 709,864	\$ 23,345	3.29%	\$ 686,519
Total 2019	5,203,673	\$ 1,631,957	31.36%	\$ 3,571,716

*includes SCS Funds (\$15,000)

Detail of State and PSMFC Liaison and Planning, and Other Contractual for 2019

Contract	2019 Budget**	Billed 5/31/2019	Balance Remaining
Alaska - Liaison & Planning	\$ -	\$ -	\$ -
California - Liaison & Planning	\$ 142,626	\$ -	\$ 142,626
Idaho - Liaison & Planning	\$ 42,067	\$ -	\$ 42,067
Oregon - Liaison & Planning	\$ 151,757	\$ -	\$ 151,757
Washington-Liaison & Planning	\$ 141,757	\$ -	\$ 141,757
PSMFC-Liaison & Planning	\$ 44,157	\$ -	\$ 44,157
Subtotal	\$ 522,364	\$ -	\$ 522,364
Other Contractual (e.g., GF Spx, Sal, IQ)	\$ 187,500	\$ 23,345	\$ 164,155
Grand Total	\$ 709,864	\$ 23,345	\$ 686,519

**Liaison Funding over base to work on Fishery Ecosystem Plan, Carryover, and Groundfish Trawl IQ



Appropriations

- Council Commissions Line Item
 - 2017 - \$34,245,000 Enacted
 - 2018 - \$35,871,000 Enacted, but all increase to Commissions
 - 2019 - \$40,175,000 Enacted, \$2.15M increase but \$1M decrease from loss of Deregulation MPS line
 - 2020 - \$37,653,000 President's; RFMC is \$29,047,000, up from \$27,849,000 in 2019 enacted.
 - 2020 - Positive developments in the House Appropriations Committee, but still a long way from House approval
- PFMC Base PPA and Management Programs & Services (MPS)
 - 2017 - \$4,280,000
 - 2018 - \$4,416,000
 - 2019 - \$4,585,000 \$169,000, 3.83% net increase over 2018



Grant Cycle Updates

- 2015-2019 Grant
 - 1-Year no-cost extension for 15-19 grant
 - Proposal part of 20-24 grant planning
 - Application due in October 2019
- 2020-2024 Grant Application Process
 - Application due in August 2019
 - Draft Budget and Project Narrative for BC and Council Approval



2020-2024 Funds

- No cost extension must be spent out by end of 2020
 - Separate accounting ledger for NCE and new 2020 funds
- Any funds remaining from 2020 appropriations may be carried over to 2021-2024
- Total 2020-2024 funds expected to be less than grant proposal
 - Otherwise we must amend grant mid-cycle
 - Thus, the inflation built into the out year budgets



2020-2024 Budgets

2020 No-Cost Extension

- Targets expected 2019 delayed spending account balance ~ \$2.6M
 - Includes continuing projects from 2015-2019 grant that are not routine.
 - Climate Initiative, SRKW consultation, SaMTAAC, Halibut, SSSL, CPS management categories, etc.
 - Includes proportional staff time, Council meeting expenses/travel, rent
 - Includes expected outside meetings/travel, consultants
 - Includes 2019 liaison contract increase ($\geq 3.83\%$ from net PPA/MPS increase)
- Staff will finalize budget and submit application when amount is better known



2020-2024 Budgets

2020

- New Grant Budget targets 2019 actual PPA and MPS appropriations = \$4.585M
 - Serves as basis for 2021-2024 budgets, includes:
 - Routine activities
 - Groundfish spex, Salmon management measures
 - Inflation assumptions
 - COLAs, Travel and per diem increases, Healthcare premiums
 - Other priorities with uncertain funding
 - Increased liaison contract funding, Equipment, Additional staff,



2020-2024 Budgets

2021-2024 Budgets

- Based on 2020
- Targets possible increased funding averaging 9% per year
 - As per NMFS/Grants Division guidance (5%-10%)
- Includes Routine activities, Expected activities, Potential priorities, Inflation
 - Specifications and management measures, SAFE documents
 - Hosting CCC meeting in 2021, EFH reviews
 - FEP initiatives, Strategic planning exercise, Allocation reviews
 - Rent, COLAs, Travel and per diem increases, Healthcare premiums



2020-2024 Budgets

June 2019 PFMC Budget Committee Report

DRAFT 2020-2024 GRANT BUDGET

Category	Proposed 2019 Operational	2020	2021	2022	2023	2024	Total Grant
Staff Wages & Benefits	\$ 2,315,217	\$ 1,919,058	\$ 2,622,989	\$ 2,734,674	\$ 2,844,528	\$ 2,973,469	\$ 13,094,717
Travel	\$ 1,208,285	\$ 728,533	\$ 1,208,775	\$ 1,253,464	\$ 1,316,137	\$ 1,381,944	\$ 5,888,852
Supplies & Services	\$ 647,833	\$ 525,680	\$ 748,705	\$ 767,572	\$ 794,550	\$ 823,798	\$ 3,660,305
Contractual							
Council Member Compensation	\$ 252,975	\$ 151,921	\$ 258,774	\$ 266,537	\$ 274,533	\$ 282,769	\$ 1,234,534
Advisory Body Stipends	\$ 69,499	\$ 51,140	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 331,140
Liaison & Pln (State, PSMFC)	\$ 522,364	\$ 621,168	\$ 652,227	\$ 684,838	\$ 719,080	\$ 755,034	\$ 3,432,347
Outside Consultants and Projects	\$ 187,500	\$ 587,500	\$ 162,500	\$ 182,500	\$ 182,500	\$ 202,500	\$ 1,317,500
Total by Year	\$ 5,203,673	\$ 4,585,000	\$ 5,723,969	\$ 5,959,585	\$ 6,201,328	\$ 6,489,513	\$ 28,959,395



Council Staff Recommendations

- Approve a 2019 Operational Budget of \$5,203,673
- Recommend project priorities for a no-cost one year extension of the 2015-2019 Grant
 - Staff to determine actual amount in delayed spending account
 - Currently ~\$2.6M
 - Requested amount depends on updated 2019 expenses, status of continuing projects
- Approve 2020-2024 Grant Application Package including:
 - 2020 provisional budget of \$4.585M
 - 2020-2024 budgets totaling \$28,959,395
 - 2021 budget includes hosting the May CCC meeting
 - 2020-2024 project narrative

Allow staff latitude to make adjustments/corrections



Council Staff Recommendations

Future meetings

- September BC if necessary
 - Only if grant application needs significant revision
 - 2020 de facto Provisional Budget adopted as year 1 in grant (\$4.585M)
 - Audit results in Informational Report
- November BC if necessary
 - If there is a significant funding update
 - If grant application needs significant revision
 - If guidance is needed on No-Cost Extension



BUDGET COMMITTEE DISCUSSION AND RECOMMENDATIONS

