

REPORT OF THE BUDGET COMMITTEE

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met November 14, 2019 to receive an update on the 2015-2019 cooperative agreement funding, to review and consider a staff proposed 2019 No-Cost Extension Budget, and the 2018 annual audit results.

Members Present: BC Chair Mr. Pete Hassemer, BC Vice Chair Mr. Phil Anderson, and Ms. Marci Yaremko.

Members Absent: Mr. Brad Pettinger, Dr. Dave Hanson, Ms. Michele Culver and Mr. Ryan Wulff.

Non-Members Present: Mr. Marc Gorelnik, Ms. Kelly Ames, Mr. Chuck Tracy, Mr. Mike Burner, Ms. Patricia Crouse, Ms. Liz Cerny-Chipman, and Mr. Don Hansen.

National Marine Fisheries Service (NMFS) West Coast Region (WCR) – Sustainable Fisheries Division Budget Update

Ms. Kelly Ames reported there is a continuing resolution to allow for operations through November 21, Press reports indicate another continuing resolution through December 20 may occur. The WCR is undergoing advance planning in case of a shut-down.

There was an early release from Headquarters of Requests for Proposals for both catch share and Magnuson-Stevens Act funds with a deadline of October 31. WCR staff worked with the current Council goals and objectives to put together proposals and submit for consideration.

Executive Director's Report ([Agenda Item I.3, Supplemental Attachment 2](#))

Mr. Chuck Tracy presented the status of the 2019 funding and budget summary, noting there was no change since June. Staff updated the potential spending to year-end and noted that current expenditures through September 2019 are consistent with expectations.

As this is the final year of our 2015-2019 grant, remaining funds must be spent out on ongoing projects in 2020 as part of a one-year no cost extension. Mr. Tracy presented the 2020 No-Cost Extension budget of \$2,559,386, which was submitted to the grants management division at the end of October. There were no updates to the Provisional 2020 budget proposed for the first year of the new 2020-2024 grant. (Note: the 2020-2024 grant application was submitted in August and is currently being reviewed by NMFS.)

Mr. Tracy reported on information presented by NMFS at the Council Coordination Committee (CCC) meeting in Washington D.C. in early November. At that meeting, NMFS indicated the first award of the new 2020 grant funds should be released by November 21 with a target of approximately 50% of the anticipated funding level. Approval of the new grant applications is expected by mid-December. Mr. Tracy noted the CCC is advocating for a Council Member training program that is proposed to be jointly funded by all Regional Councils and NMFS. The

trainings would be similar to what has occurred with Fisheries Forum, and Councils would rotate responsibility for hosting the meetings every other year beginning in 2021.

The 2018 audit reports were discussed and show a continued unmodified opinion on the financials and major program reports, as well as no findings or deficiencies in reporting.

Council staff made the following recommendations:

- Approve the No-Cost Extension application budget of the 2015-2019 grant of \$2.6 M.
- Approve the results of the 2018 Audit.
- Plan a June 2020 budget to adopt a 2020 Operational budget when 2020 funding, 2019 final expenses and amount of the delayed spending account balance is known.

Budget Committee Discussion on Activities

The Budget Committee supported the staff proposed 2020 no-cost extension budget as presented by Mr. Tracy. The BC recommended endorsement of the 2018 audit results. Mr. Hassemer commented that it was because of the consistent good work of Council staff that the audit has no findings and a clear report.

The Committee discussed the timing of the next meeting and recommended to tentatively schedule a BC meeting in March but give the Executive Director the discretion to cancel the meeting if the Federal appropriations bills are not passed and NMFS' spending plan priorities are not available. The BC also requested Council staff report on expenditures from the no-cost extension relative to the continuing projects identified for utilizing those funds.

Budget Committee Recommendations

- 1. Council approve the 2018 audit results.**
- 2. Council approve the 2020 No Cost Extension budget of \$2,559,386.**
- 3. Recommend a March 2020 BC Meeting, but allow Executive Director the discretion to reconsider.**

PFMC
11/19/19