

EXECUTIVE DIRECTOR'S REPORT TO THE BUDGET COMMITTEE September 2020



BUDGET COMMITTEE TASKS

At this meeting the Budget Committee needs to:

- Review 2020 budget status update
- Review the Preliminary Staff Proposed 2021 Provisional Budget*
- Identify future budget priorities
- Review 2019 audit results
- Consider Budget Committee Membership and Election of Officers

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.



CY 2020 Funding and Budget Summary

CY 2015-2019 COOPERATIVE AGREEMENT

Source of Funds or Designated Use	Dollars	Comments
2015-2019 Grant Funds Remaining	\$2,839,323	2019 Delayed Spending Balance
CY 2020 No Cost Extension Budget	\$2,839,323	Adopted June 2020
Delayed Spending Account Balance (From 2015-2019 Grant) at Year End 2020	???	TBD Funds may be able to be rolled over into 2021

CURRENT FUNDING FOR CY 2020-2024 COOPERATIVE AGREEMENT

Source of Funds or Designated Use	Dollars	Comments
New CY 2020 Funds		
Base and Ongoing Soft Funds:		
Received (11/22/19)	1,952,657	PPA and MPS Base Funds
Received (3/23/20)	2,647,920	PPA and MPS Base Funds
Total Funds (as of May 1, 2020)	\$4,600,577	
CY 2020 Operational Budget	\$3,334,234	Adopted June, 2020
Delayed Spending Account Balance (From 2020-2024 Grant) at Year End 2020	1,266,343	Projected Dec. 31, 2020 Balance



EXPENDITURES FOR CY 2020 THROUGH JULY COMBINED 2020 AND NCE OPERATIONAL BUDGETS

Category	Combined 2020 Budget	Combined 2020 Expenditures 7/31/2020	% of Total Budget	Expenditures Remaining
Staff Wages & Benefits	\$ 3,203,639	\$ 1,326,052	41%	\$ 1,877,587
Travel	\$ 778,596	\$ 243,138	31%	\$ 535,458
Supplies & Services *	\$ 552,621	\$ 232,136	42%	\$ 320,485
Contractual		\$ -		
Council Member Compensation	\$ 263,932	\$ 122,629	46%	\$ 141,303
Advisory Body Stipends	\$ 69,499	\$ -	0%	\$ 69,499
Liaison (State, PSMFC)	\$ 898,195	\$ 34,824	4%	\$ 863,371
Other (Salmon SAFE, SaMTAAC etc.)	\$ 407,075	\$ 174,485	43%	\$ 232,590
Total 2020	\$ 6,173,557	\$ 2,133,264	35%	\$ 4,040,294



2021 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.
- November - Adopt Provisional 2021 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.



Appropriations

- Council Commissions Line Item
 - 2018 - \$35,871,000 Enacted
 - 2019 - \$40,175,000 Enacted, \$2.15M increase but \$1M decrease from loss of Deregulation MPS line
 - 2020 - \$40,247,000 Enacted
 - 2021 - Mixed messages in the President's budget
 - \$44,577,000 Increase for Councils, decrease for Commissions
 - \$46,446,000 House Mark: includes \$250K for PFMC FEP
 - \$400K to NMFS for West Coast EM Video Review from separate line
 - Senate Mark completed but not yet available
- PFMC Base PPA and Management Programs & Services (MPS)
 - 2018 - \$4,416,000
 - 2019 - \$4,585,000
 - 2020 - \$4,600,577



2021 Funds

- No-cost extension must (currently) be spent out by end of 2020
 - Due to COVID-19 response, NCE spending less than anticipated
 - Will seek an extension into 2021 for remainder of these funds
 - Application probably due before November Council meeting
- Funds remaining from 2020 appropriations carried over to 2021-2024
 - Also spending less of these funds than anticipated due to COVID
- NMFS may seek funds for periodic review of Fixed Gear Sablefish Tier Fishery
 - NMFS HQ TEMP funding for catch share programs
 - Application due October, will work with NMFS on scope



Preliminary Staff Proposed 2021 Provisional Budget

Category	Total Operational 2020* Budget	Preliminary Proposed 2021	% Increase/Decrease
Staff Wages & Benefits	\$ 3,203,639	2,364,781	-26.2%
Travel	\$ 778,596	1,007,413	29.4%
Supplies & Services	\$ 552,621	755,832	36.8%
Contractual			
Council Member Compensation	\$ 263,932	240,794	-8.8%
Advisory Body Stipends (2020)	\$ 69,499	69,499	0.0%
Liaison (State, PSMFC)	\$ 898,195	650,691	-27.6%
Other (Salmon SAFE, SaMTAAC etc.)	\$ 407,075	171,750	-57.8%
Total	\$ 6,173,557	5,260,761	-14.8%

* Includes spending for NoCostExtension

Detail of State and PSMFC Liaison and Planning, and Other Contractual**

Contract	Total Operational 2020* Budget	Preliminary Proposed 2021	% Increase/Decrease
Alaska - Liaison & Planning			
California - Liaison & Planning	\$ 246,601	\$ 190,128	-22.9%
Idaho - Liaison & Planning	\$ 70,519	\$ 48,954	-30.6%
Oregon - Liaison & Planning	\$ 261,908	\$ 185,861	-29.0%
Washington-Liaison & Planning	\$ 245,144	\$ 174,399	-28.9%
PSMFC-Liaison & Planning	\$ 74,023	\$ 51,349	-30.6%
Subtotal	\$ 898,195	\$ 650,691	-27.6%
Other (Salmon SAFE, SaMTAAC etc.)	\$ 407,075	\$ 171,750	-57.8%
Grand Total	\$ 1,305,270	\$ 822,441	-37.0%

** Base liaison and special project only.



2021 Budget(s)

Combined 2021 & NCE budget is \$5.26M

- Includes 5 in-person Council and 2 in-person CCC meetings
 - We plan to host an October 19-21 CCC meeting on the West Coast
- Fully funded leave account in 2020 from 2020 NCE, eliminated contributions from 2021 budget reducing staff benefits cost
- Agency Liaison Contracts
 - 15% increase from 2019 base level funding per 5-yr grant proposal
 - 0.34% increase from PPA increase
 - Distribution based on regulatory participants per Sept 2018



2021 Budget(s)

Includes the following Contracts:

- \$50,000 to retain Data Analyst on contract (mostly NCE)
- \$25,000 to retain SONCC coho modeler on contract (NCE)
- \$25,000 to retain Economic Analyst for salmon and GF
- \$20,000+ for RFMO contractors
- \$15,000 for MREP workshops
- \$12,000 for Website support (NCE)
- \$10,000 for Research and Data Needs database (NCE)
- \$ 7,875 for CCC Legislative Liaison
- \$ 6,875 for CMOD (plus travel costs)



2021 Potential Priorities

- EO 13921 Projects
- Fixed Gear Sablefish Tier Program Review
- Standardized Bycatch Reduction Methodology Review
- BSIA Regional Framework
- Regional Operating Agreement Update
- Regional Electronic Technology Plan Review
- HMS – CPS EFH Phase 2 if needed
- NCE Extension Projects
 - SaMTAAC
 - GF Electronic Monitoring
 - GF New Management Measures
 - Halibut Management Transition
 - R&D Needs database
 - SONCC coho consultation
 - CPS Management Categories and Assessment Priorities
 - DGN Hard Caps
 - Swordfish Planning
 - Fishery Ecosystem Plan Revisions
 - Climate and Communities Initiative
 - Etc.



2021 Council Workload Capacity

Less Capacity

- Council Floor Time w/ Webinars
- GMT Transitions
- Council Staff
 - Groundfish stock assessment
 - CCC hosting

More Capacity

- Council Staff
 - Non-spex year for groundfish
 - Salmon, only SONCC coho
- Contractors
 - Data analyst
 - R&D Needs

Overall less efficient during in COVID-19 Operations
COVID Operations possible through June or later



CY 2019 Audit Results

- Financial Statements
 - Type of Auditor's Report Issued Unmodified
 - Material Weakness or Significant Deficiencies No
 - Noncompliance Materials No
- Federal Awards
 - Type of Auditor's Report Issued Unmodified
 - Material Weakness or Significant Deficiencies No
 - Reportable Audit Findings No
- Identification of Major Programs: Low-Risk Auditee
 - CDFA 11.441
 - Regional Fishery Management Councils
 - Type B Program (>\$750,000)
- Financial Statement Findings: None
- Federal Award Findings and Questioned Costs: None



BC Membership and Officers

- No more than seven voting members, including:
 - The Council Chair
 - One voting member from each state: agency or appointed
 - The Council Chair could serve as one of these members
 - One at-large member
 - A representative of PSMFC
 - A representative of NMFS West Coast Region
- The Budget Committee shall elect its chair and vice-chair from among its members
- Appointments and election of officers shall generally occur at the June or September Council meetings
 - Council Chair transition to Marc Gorelnik
 - Washington Vacancy filled by Phil Anderson
 - At-large currently vacant



Council Staff Recommendations

- Provide guidance to staff for 2021 Provisional Budget priorities
 - FGSF TEMP Funding (Special Project)
 - NCE Extension
 - Liaison Contracts
 - Other Contracts
 - Other Priorities
- Approve results of 2019 Audit
- Discuss BC membership, elect officers
- Plan for November BC meeting
 - Approve/Review Application of Extension of 2015-2019 NCE
 - Adopt 2021 Provisional Budget(s)



BUDGET COMMITTEE DISCUSSION AND RECOMMENDATIONS

