

REPORT OF THE BUDGET COMMITTEE

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met via webinar on Monday, June 21, 2021, to receive an update on the 2020-2024 cooperative agreement funding and expenditures through May 31, status of remaining funds from the 2015-2019 grant, review the 2020 audit results, and to consider the 2021 Operational Budget.

Members present: BC Chair, Mr. Pete Hassemer; BC Vice-Chair, Mr. Brad Pettinger, Mr. Marc Gorelnik, Mr. Corey Niles, and Dr. Dave Hanson. Mr. Ryan Wulff and Ms. Marci Yaremko were not in attendance.

Non-Members present: Ms. Heather Hall, Mr. Chuck Tracy, Mr. Mike Burner, Ms. Patricia Crouse, Ms. Kelly Ames (representing NMFS West Coast Region), and Ms. Corey Ridings.

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

Ms. Kelly Ames provided information that the West Coast Region has wrapped up its Fiscal Year (FY) 2021 spend plan and had rates near 100 percent of budget spent. Initial review of the FY 2022 President's budget shows an increase over 2021, with the overall NOA budget increasing 21 percent and the NMFS budget increasing 13 percent. NMFS is hopeful FY22 appropriations process will be concluded in the fall of 2021.

Executive Director's Report (Agenda Item C.6, Supplemental Attachment 2)

Mr. Chuck Tracy presented the status of funds for the 2015-2019 Grant and the 2020-2024 Grant. The second extension request to the 2015-2019 grant was approved and the remaining \$1.2M of funds available will be utilized in 2021; the Council is required to spend all funds by December 31 of this year. The 2020 spend from the budgeted funds was 87 percent of the total budget (approximately \$3M; unspent funds can be used in the remaining years of the grant). New funds of \$4.6M were provided to the Council in 2021, which is a slight increase over 2020 funding levels. The Council also received an additional \$250K that is earmarked for Fishery Ecosystem Plan (FEP) implementation. Total combined funds available for Council use in 2021 is \$7.8M (which includes the 2015-2019 extension funds and 2020-2024 grant funds).

Mr. Tracy presented the staff proposed combined operational budget of \$5,040,430. This budget consists of \$1.3M targeted to spend down the 2015-2019 extension funds, and \$3.7M from the current grant. Changes from the provisional budget to the proposed operational budget are primarily due to the Executive Directors transition plan, the travel adjustment for virtual and/or hybrid meetings; delays in occupying office space and associated construction costs; and additional consultant expensed for Southern Oregon Northern California Coast (SONCC) coho; sablefish gear-switching and sablefish management strategy evaluation and geographic information system mapping.

2021 expenditures to date are approximately 28 percent of the staff proposed budget through May 31 and are on target, relative to normal timing of expenses. No-cost extension project expenses over the remaining funds available will be charged to the current grant as a continuing project.

Mr. Tracy presented information regarding the status of appropriations and noted the FY22 President's proposed budget had a 2.4 percent increase for the Council and Commissions line item. It was also noted that the President's budget has emphasis on funding for climate science to improve surveys and fishery management decisions and to study the effects of wind energy on fisheries and ecosystems and provide information for essential fish habitat consultations. Mr. Tracy commented that the 2021 NMFS request to roll up the various funding lines was denied by Congress so the funds will still be presented in base Program, Projects, and Activities (PPA) and Management Programs and Services (MPS) budget lines.

Mr. Tracy provided the 2020 Audit Results for review and noted the unmodified opinion of the auditor and commented that the Council remains a low-risk auditee.

Budget Committee Discussion on Activities

The BC elected Mr. Pete Hassemer as Chair and Mr. Corey Niles as Vice-Chair of the Budget Committee.

The BC recommended the Council adopt the staff proposed CY 2021 operational budget. The status of tracking each of the funds was discussed and it is noted that Council staff is tracking each of the grants separately and will continue to track until the end of the grant cycle. Mr. Hassemer affirmed the staff proposed budget is consistent with the intent of the Council for the funding of the liaison contracts at the 2020 funding level.

The BC recommended the Council adopt the 2020 Audit Results. Mr. Gorelnik noted the staff's work with the consistent unmodified opinion from the Auditors.

The BC discussed the potential for future meetings and noted that the September meeting is held to determine preliminary priorities for Council staff to fully develop the 2022 budget and the November meeting is held to recommend a provisional budget. Mr. Gorelnik commented that the Council will discuss the September meeting and recommended that if the Council meeting is held in person that the public still have an opportunity to comment virtually.

Budget Committee Recommendations

- 1. Council approve the CY 2021 Operational Budget of \$5,040,430 for use for the remainder of the year, including the amounts for No-Cost Extension projects.**
- 2. Approve the 2020 Audit Results.**
- 3. Recommend a September 2021 Budget Committee meeting to set 2022 budget priorities, and a November 2021 Budget Committee meeting to recommend a 2022 provisional budget.**