

## REPORT OF THE BUDGET COMMITTEE

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met via webinar on Monday, November 15, 2021, to receive an update on the 2020-2024 cooperative agreement funding and expenditures through September 30, status of remaining funds from the 2015-2019 grant, and to consider the 2022 Provisional Budget.

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

Non-Members present: Mr. Chuck Tracy, Mr. Merrick Burden, Mr. Mike Burner, Ms. Patricia Crouse, Ms. Kelly Ames, Ms. Corey Ridings, Ms. Michele Robinson, and Mr. Kris Kleinschmidt.

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

Ms. Kelly Ames provided information on the Federal Budget Timeline for Fiscal Year 2022 (FY22), which is delayed with a current Continuing Resolution that expires on December 3. The FY22 President's budget was released in April and both the House and Senate mark-ups were released this fall. National Oceanic and Atmospheric Administration (NOAA) released its [FY 2022 Bluebook](#) which describes additional justification and the priorities of the administration. Some of the priorities identified include Climate Change, Blue Economy – Build Back Better, Science, Offshore Wind Energy and Social and Environmental Justice. Ms. Ames discussed the FY22 President's and House and Senate mark NOAA budgets which all show an increase over FY 2021 enacted budgets. The House mark contains funding for Community Projects grants, which are mostly not-for-profit organizations and agencies in 2022. Projects currently identified include Whale Entanglement Risk Reduction Research, Habitat-friendly shoreline structures and Columbia River Pinniped Removal. The process of reconciling of the House and Senate marks to support the final FY22 appropriations is ongoing.

Ms. Ames also discussed the NMFS headquarters Magnuson-Stevens Act and Catch Shares Request for Proposals that are open through the end of November. There is priority for projects that directly relate to Executive Order 13589 for underserved communities and environmental justice in fisheries. She asked the Committee to direct comments to herself and Mr. Wulff and noted that NMFS staff will be looking at priorities identified by the Council through the meeting this week.

Ms. Ames further discussed the National Academy of Public Administration (NAPA) Report and recommendations that were released in July 2021 with regards to the NOAA budgeting process.

### **Executive Director's Report (Agenda Item C.5, Supplemental Attachment 2)**

Mr. Chuck Tracy presented the status of funds of the 2015-2019 Grant and the 2020-2024 Grant. The amounts presented are unchanged from September's meeting and reminded the BC that the

2015-2019 extension funds would need to be spent by the end of 2021. The remaining funds from 2020-2021 can be utilized through the remainder of the 5-year grant period.

2021 actual combined no-cost extension and current grant expenditures through September and expected spending through the remainder of the year are estimated at 91 percent and remain on target for this time of the year. Expenditures for extension funds are tracking slightly higher at 94 percent and 2021 funds are at 90 percent. Because the extension spend plan slightly exceeds the remainder of the funds left in the 2015-2019 grant, those funds will be fully expended by year-end.

The Calendar Year (CY) 2022 staff proposed budget comes in at approximately \$5.85 million and assumes funding for five in-person council meetings with in-person advisory body attendance. Staff benefits costs were reduced due to the fully funded leave account, the state liaison contracts were scaled back to the grant request amount because extension funds will not be available, and independent contractors are reduced as extension projects have largely been completed. The budget allows for continued contractors for a data analyst, economic analyst, GIS mapping analyst, Marine Resource Education Program (MREP)/Legislative analyst, support for Regional Fishery Management Organization representatives, website updates, and the Council Coordinating Committee (CCC) Legislative liaison.

Mr. Tracy discussed potential funding for 2022. New appropriations are likely to be slightly less than the \$4.9M received in 2021 for the Pacific Council. About half of the expected funding has already been received and the remainder is anticipated by March 2022. The delayed spending account of 2020-2021 funding is expected to be \$3.7 million for use in the remainder of our five-year grant.

### **Public Comment**

Ms. Ridings asked staff what the intention was for the funds left over from 2020-2021 and what that meant for future projects or if investments could be made now for the Council's future. Mr. Tracy noted that some of the future needs are being developed in consultation with the new Executive Director.

### **Budget Committee Discussion on Activities**

The BC discussed the future use of the delayed spending account funds in conjunction with Council budget priorities for 2022 and the remainder of the 2020-2024 grant. Ms. Yaremko recommended the provisional budget restore the state and liaison contract funding to the 2020-2021 level as a means of further offsetting state staffing expenses associated with Council activities and spending down the delayed spending account. Mr. Tracy noted that additional funding in 2020 and 2021 (~\$250K) came from no-cost extension funding of the 2015-2019 grant, which is no longer available, and that the staff-proposed budget was about \$1M over the anticipated 2022 award, which would significantly reduce the delayed spending account. He also noted the staff-proposed state liaison contract funding level was set at the level recommended by the Council and approved in the 5-year grant budget, and represented a 31 percent increase from the 2019 base level.

The BC requested staff provide the Council with a list of potential uses of delayed spending account funds that would address Council priorities and help reduce the balance by an appropriate amount in 2022 with the objective of achieving a manageable balance by the end of the 5-year grant in

2024. They also recommended the Council consider a provisional 2022 budget of \$6,056,028, which could restore the state liaison contract funding to 2021 levels and would represent an increase of about \$208,000 over the staff-proposed provisional budget.

The BC discussed future meetings and identified a tentative meeting in conjunction with the April Council meeting, pending an update under the March Executive Director's report on any changes to anticipated funding due to the No-Cost extension request FY22 appropriations, and the NMFS FY22 spend plan, such that the time was appropriate to move forward with adopting a 2022 Council Operational Budget.

**Budget Committee Recommendations:**

- 1. Council to consider a CY 2022 Provisional Budget of \$6,056,028 for use starting January.**
- 2. Consider list of potential projects developed by staff for implementation in 2022.**
- 3. Recommend an April or June 2022 BC Meeting to discuss FY22 appropriations and a 2022 Operational Budget as appropriate.**

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