

## REPORT OF THE BUDGET COMMITTEE

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met on Thursday, November 2, 2023 to consider several financial matters. These included: a review of the Calendar Year (CY) 2023 expectation of expenditures through the end of the year; the 2020-2024 cooperative agreement funding; the CY 2024 staff proposed provisional budget; the Inflation Reduction Act funding; and planning for the Committee of the Whole Meeting in anticipation of the next grant application period.

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

Mr. Ryan Wulff provided an update on the status of Fiscal Year (FY) 2024 funding process and noted the Region is currently operating under a Continuing Resolution (CR) until November 17 and are again preparing for a government shutdown if a budget isn't passed, or another CR is proposed. Mr. Wulff noted that the Department of Commerce has finished transitioning its travel, finance and grant applications to a new system. Mr. Wulff also noted NMFS annual internal Request for Proposals process for Magnuson Stevens Act and Catch Shares projects is underway. Assuming no lapse in appropriations, the determination on these projects could be complete by January.

### **2023 Budget Status**

Mr. Merrick Burden presented the Committee with information relating to anticipated expenses through the end of the Calendar Year (CY). Current forecasts indicate that total expenses through the year could be \$327,000 less than the approved 2023 Budget. This will still result in a drawdown in the Council's delayed spending account as outlined in the ED report to the Committee. Total delayed spending account balance is projected to be \$2.7M at the end of CY 2023.

### **2024 Pre-Provisional Budget**

The staff-proposed CY 2024 Provisional Budget of \$6,180,145 is an update from the September BC meeting to include plans to utilize some of the Phase 1 Inflation Reduction Act (IRA) funds. Staff also included funding for one additional workshop, staff wages and benefits were updated based on current expectations to cover backfilling of planned retirements, and travel and meeting expenses were modified based on feedback from the September Council meeting.

Based on the savings from CY 2023, the forecast for the delayed spending account though the remainder of the grant looks more positive than previous expectations. The better-than-expected situation was a result of having more remote meetings, internal controls and efficiencies and other savings. Since it is expected that expenses will still be on the rise and anticipated revenues may be flat, continued diligence regarding the Council's budget and expenditures will be necessary. Funds from a future IRA grant may improve the outlook, but those funds are restricted in their use.

## **Inflation Reduction Act**

Mr. Burden presented an update on the status of IRA Funding. The Phase 1 funding opportunity opened on October 25 with a deadline of December 31 for the first proposal. Phase 2 proposals are due January 31, and this second phase will be for the majority of IRA funding being made available to the Fishery Management Councils. The Phase 2 proposals will require specificity that is still being developed. The BC expressed discomfort with the timing and process for securing IRA funds, and requested that the Executive Director raise the question of timing with other Council Executive Directors and NOAA, and explore whether there is an opportunity to extend the deadline for Phase 2 proposals into late March.

Mr. Burden reviewed the list of potential IRA projects as summarized in [C.4, Supplemental Attachment 1](#) which includes 1) three FEP Initiatives (Risk Tables to Inform Specifications, Community Vulnerability Assessments, and Regulatory and Bureaucratic constraints to adaptive management), 2) Groundfish Stock Definitions (establishing eco-regions), 3) Fixed Gear protected species bycatch mitigation, 4) Klamath and Sacramento Fall chinook harvest objectives, 5) Queets spring/summer chinook rebuilding, 6) Gear innovation for HMS Species and 7) and addressing climate change impacts to international fisheries. The Committee discussed adding: Halibut Catch Sharing Plans and allocations; a Mackerel Harvest Framework; and discussed the possibility of current work by the Habitat and Marine Planning committees that could be folded into the IRA objectives. The Committee discussed the possibility of including a discussion of IRA funding to the Committee of the Whole agenda, particularly if the IRA proposal timing cannot be extended into March.

### **Committee-of-the-whole**

The Committee of the Whole Agenda is being planned as a two-day meeting. Current planning is to spend the first day discussing the alignment of finances with the Council's mission, and the second day identifying ways to achieve greater effectiveness of the Council and Council process. Mr. Burden provided information relating to details that would need to be prepared in advance of the meeting, including work by staff and state agencies. Should questions arise regarding the development and planning of the committee-of-the-whole meeting, Mr. Burden proposed using the BC and Council Leadership as a steering committee to help provide feedback and guidance. The BC recommended Council staff 1) identify what is considered a core activity and 2) prepare a 5- and 10-year hindcast analysis of spending, identifying how and whether the scope of Council agenda topics has changed over that time.

### **Additional Matters:**

Mr. Niles discussed funding additional travel for state and tribal agency participants to attend the TNC meeting next year. It was noted that there had been the understanding that the Council would not be asked to fiscally support the workshop. Determining whether such support would be appropriate and could be included within the Council's budget is unknown due to a lack of specificity regarding whether and to what degree Council fiscal resources are being requested.

## **Budget Committee Recommendations:**

1. Adopt a CY 2024 Provisional Budget of \$6,180,145 for use beginning January 1.
2. Recommend the list of proposals for IRA funding as identified in Agenda Item C.4, Supplemental Report 1, with the following additions:
  - a. Halibut Catch Sharing Plan/Allocations
  - b. Mackerel Harvest Framework
  - c. Explore the nexus between the Habitat and Marine Planning Committee for work that would be consistent with IRA objectives.
3. Request the Executive Director discuss the possibility of delaying the January 31 deadline for the Phase 2 proposals with other Council Executive Directors. If delay is unlikely, add a placeholder to the Committee of the Whole agenda to review projects to be proposed.
4. Approve the Committee of the Whole agenda and steering committee as presented but add the following tasks to the advance work list for staff:
  - a. Provide details on what is identified as a core activity.
  - b. Provide historic details from 5 and 10 years of the level of core activities.
5. Tentatively plan a spring BC meeting to consider the 2024 IRA funding budget and either update the provisional budget or review an Operational Budget. The Council leadership can make the determination if the spring meeting is held.

PFMC  
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