

REPORT OF THE BUDGET COMMITTEE

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met on Friday, June 8, 2024, to receive information regarding Council's 2024 Calendar Year (CY) Operational budget; the Status of Funding, and the 2025-2029 Grant Application.

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

Mr. Ryan Wulff noted that the Fiscal Year (FY) 2024 appropriations are complete, and this and additional information was provided at the Council Coordination Committee (CCC) meeting. The FY 2025 President's Budget request is currently under consideration by Congress and noted the CCC presentation which outlined certain tough choices in that budget, including removing funding for the bycatch reduction engineering program and the Saltonstall-Kennedy grants. Mr. Wulff indicated that Headquarters has completed their review and approvals for Council Inflation Reduction Act (IRA) proposals and should be releasing Phase 1 funds soon with a larger funding release later in the year.

Executive Director's Reports

Mr. Burden reviewed 2023 CY spending of approximately \$5.3 million or 91 percent of the 2023 budget. This spending level resulted in a moderate deficit in 2023 of \$222K. While this deficit was less than expected, the workload was spread over fewer staff than anticipated and this resulted in unsustainable workloads. If sufficient Council resources had been used to support more sustainable levels of workload, another \$200K would have been expended in 2023.

The 2024 CY Operating budget was presented and compared to 2023. The 2024 proposed operational budget of \$6.5M includes funding for 20 staff members over the course of the year, compared to a typical number of 16. This higher than typical number reflects overlap between new and retiring staff. Additional differences between 2024 and 2023 include the number of in-person meetings, travel outside of council meetings, additional contracts to advance the work of the Council, and initial plans for IRA projects.

The 2024 proposed operational budget is forecasted to utilize \$900K of the delayed spending account. If fully spent, this would result in a delayed spending account balance at the end of 2024 of \$1.9M. IRA funding of \$2.4M is expected in 2024 with planned utilization of \$635K. Remaining funds will be held for future IRA work in 2025-2026.

Mr. Burden presented information relating to the next grant application process. The budget presented only includes that portion of proposed spending tied to Congressional appropriations for the Councils. NMFS guidance regarding the budgeting during the grant period assumes 1) flat funding for 2025, and 2) increases in subsequent years.

The proposed grant budget was presented that allows for modest increases over the duration of the grant with some higher levels for planned activities relating to Council Member Ongoing

Development expenses, groundfish specifications years, and additions to account for inflation.

Budget Committee Discussion on Activities

The BC reviewed the 2024 operational budget as proposed by staff. The BC concurs with the staff recommendations regarding the 2024 budget and recommends the Council adopt the 2024 budget as described in [Agenda Item C.4, Supplemental Staff Presentation](#). This proposed budget accounts for several different funding streams that include base funding, IRA project funds, trawl cost project funds, and funds from the delayed spending account.

The BC reviewed the 2025-2029 Grant Application's draft narrative, the corresponding draft budget, and considered the prospect of a no-cost extension. No-cost extension projects will be identified over the summer months and considered by the BC in September. The BC agreed with the draft 2025-2029 budget, with one modification. This modification concerned the amount of funding estimated for travel, which the BC recommended be increased due to inflationary pressures.

Budget Committee Recommendations:

- 1. Adopt the 2024 Operational Budget of \$6,564,954.**
- 2. Adopt the 2025-2029 Grant Application Narrative and Budget**
- 3. Hold a September 2024 BC Meeting to review No-Cost Extension list of projects, proposed staff budget, and to review the results of the 2023 Audit.**

PFMC
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