

June 2024 Executive Director's Report to the Budget Committee

What this presentation covers

- Final 2023 expenses relative to budget
- 2024 proposed budget
- Next grant period
- Executive Director's recommendations following COTW

Review of 2023

2023: How did it end up?

- As predicted last November, we finished 2023 with total expenses below the approved operational budget, but higher than revenues
 - This is attributed to lower-than-expected expenses across all categories
 - Staffing, Travel, Supplies&services, Compensation, State Liaison Contracts

Category	Operational 2023 Budget	Final Expenditures	% of Category
Staff Wages & Benefits	2,664,521	\$ 2,524,248	95%
Travel	1,184,808	\$ 946,526	80%
Supplies & Services	749,962	\$ 641,183	85%
Contractual			
Council Member Compensation	286,454	\$ 245,918	86%
Advisory Body Stipends	69,499	\$ 58,344	84%
Liaison (State, PSMFC)	710,235	\$ 682,830	96%
Other (Salmon SAFE, GF Spex, etc.)	233,203	\$ 253,787	109%
Total 2023	5,898,682	\$ 5,352,836	91%

How did 2024 finances begin given 2023 expenses?

- 2023 expenses were below the operating budget. This resulted in a lower draw on the delayed spending account than originally expected
 - Total draw down equaled \$222,163
- We started 2024 with \$2,897,034 in the delayed spending account

Balance of 2023 workload versus expenditures is not sustainable

- Resources need to align with workload demands in order for workload levels to be sustainable
- While the relatively small 2023 draw on the delayed spending account is welcome, this occurred in part because we asked staff and advisors to shoulder unsustainable levels of work
- Financial resources necessary to support 2023 workload in a sustainable manner would have been on the order of \$200K higher than actual expenses

2024 Operating Budget

What is different about the proposed 2024 budget compared to 2023?

2023 Budget Synthesis

- Staffing: staff departures led to lower than planned expenses
- Travel to CMs: multiple AB members attended meetings remotely during the year
- Travel outside CMs: many meetings held outside of council meetings were remote
- Stipends: several members did not fully claim stipends, or claims were smaller than expected
- Supplies and services: services related to meetings that did not occur
- Contracts: contracts were relatively small in 2023

2024 Budget Synthesis

- Staffing: substantial staffing overlap due to retirements/new hires
- Travel: several meetings planned for in-person format outside of CMs
- Stipends: assumes full pay out of estimated stipends
- Supplies and services: greater certainty in 2024 compared to 2023
- State liaison: assumes full payout of SL contracts
- Other contracts: contracts have been executed to help advance agenda items

2024 Operational Budget – Key Assumptions



STAFFING
TRANSITION



TRAVEL



STIPENDS



CONTRACTS

Timing of 2024 staff transition

Staff	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1												
2												
3												
4												
5												
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20												

Travel outside of Council meetings

<u>Specific Council Staff and/or Council Member Meetings</u>	<u>Groundfish Management</u>
IPHC Annual Mtg	Groundfish Mgmt Team Mtgs (one meeting)
Council Member Orientation in DC (3 new--NMFS pays lodging)	SSC Workshop (one workshop)
Pacific States Annual Meeting	Groundfish - SSC Sub Meeting (one meeting)
Miscellaneous ED Travel (3 trips)	
Chairs & EDs Annual Mtg (CCC)	<u>HMS Management</u>
Washington, D.C. October	WCPFC Annual Meeting
San Juan, Puerto Rico, May	WCPFC Northern Committee
CCC Habitat Climate Innovations Workshop	IATTC/WCPFC-JWGon BFT
Site Visits for Mtg Planning	ISC Plenary Meeting
Council Member Orientation (Council Office)	IATTC Annual Meeting
Staff Retreat	
New Staff Officer (House hunting)	<u>Salmon Management</u>
	Salmon Season Hearings (2)
	Salmon Technical Team Mtgs
<u>CPS Management</u>	Klamath River Workgroup conservation Objectives
Pacific Sardine STAR Panel	SSC & Model Eval Workgroup Mtg
<u>Marine Planning</u>	<u>Other Meeting Travel</u>
Offshore Wind Conference (one conference)	Scientific Coordination Subcommittee of the CCC
	Committee of the whole
	MREP

Contracts

Type of contract	Detail	Amount
Program support	Groundfish spex	\$ 336,056
	Salmon SAFE	
	Stock structure	
	Trawl Rationalization Cost	
	Workshop/Assessment review	
Communications and infrastructure	PSMFC database and maintenance	\$ 63,040
	Website development and maintenance	
	MREP/Newsletter	
Training	Coaching/training	\$ 5,000
Transition and staffing support	Trawl program review	\$ 52,163
	Administration and meetings	
	EEJ tasks	
	CCC DC updates	
IRA	IRAbycatch	\$ 206,250
	IRA fishing communities	
	IRA adaptive management	
Total		\$ 662,509

Proposed 2024 Operational Budget – Categorized

Category	Provisional 2024 Budget	Proposed 2024 Budget from Grant Funds	Proposed 2024 Budget from IRA Funds	Proposed Operational Budget	Increase (Decrease) from 2024 provisional
Staff Wages & Benefits	\$ 2,681,734	\$ 2,493,299	\$ 327,679	\$ 2,820,978	\$ 139,244
Travel	\$ 1,209,569	\$ 1,154,371	\$ 62,854	\$ 1,217,225	\$ 7,656
Supplies & Services	\$ 783,439	\$ 755,839	\$ 20,461	\$ 776,300	\$ (7,139)
Contractual				\$ -	\$ -
Council Member Compensation	\$ 288,006	\$ 282,346	\$ 12,802	\$ 295,148	\$ 7,142
Advisory Body Stipends	\$ 69,499	\$ 69,499	\$ 5,060	\$ 74,559	\$ 5,060
Liaison (State, PSMFC)	\$ 710,235	\$ 718,235	\$ -	\$ 718,235	\$ 8,000
Other (Salmon SAFE, GF Spex, etc.)	\$ 437,663	\$ 456,259	\$ 206,250	\$ 662,509	\$ 224,846
Total	\$ 6,180,145	\$ 5,929,849	\$ 635,105	\$ 6,564,954	\$ 384,809

2024 beginning to end forecasts

2020-2024 Grant Funds	
Prior Calendar Year Funds remaining at end of 2023	\$ 2,897,034
CY 2024 Funds received (as of May 31)	\$ 1,698,106
SWFSC (ISC Rappetour)	\$ 3,878
Trawl Cost Project (Phase 2)	
2024 Funding remaining	\$ 3,284,894
Funds on hand or expected (as of May 31, 2024)	<u>\$ 7,883,912</u>
Budgeted Expenditures (Staff Operational)	<u>\$ 5,929,849</u>
Expected funds remaining at end of CY 2024	<u>\$ 1,954,063</u>
2024-2027 IRA Grant Funds	
CY 2024 IRA Funds expected (June)	\$ 375,000
2024 IRA Funds Remaining (September)	1,625,000
2024 IRA Funds Remaining (December)	404,058
Funds on hand or expected (as of May 31, 2024)	<u>\$ 2,404,058</u>
Budgeted Expenditures (Staff Operational)	<u>\$ 635,105</u>
Expected IRA funds remaining at end of CY 2024	<u>\$ 1,768,953</u>

Next Grant Period

Summary of next grant period's budget

- The next grant period budget accounts for base level funding appropriated from Congress
- This budget does not account for other grants, nor does it account for the delayed spending account/no cost extension
- We received guidance to assume that 2025 funding levels are equivalent to 2024
- Each subsequent year allows for funding levels to be increased, plus a final NCE year in 2029
- *The no-cost extension budget will be brought forward in September*

Proposed grant period budget compared to 2024

Category	Proposed 2024 Operational **	2025	2026	2027	2028	2029	Total Grant
Staff Wages & Benefits	\$2,493,299	\$2,003,297	\$2,612,398	\$2,746,864	\$3,042,567		\$10,405,126
Travel	\$1,154,371	\$1,077,704	\$1,153,144	\$1,233,864	\$1,320,234		\$4,784,946
Supplies & Services	\$755,839	\$712,734	\$799,197	\$893,506	\$868,748	\$115,343	\$3,389,528
Contractual							
Council Member Compensation	\$282,346	\$251,014	\$260,786	\$280,155	\$283,803	\$14,698	\$1,090,456
Advisory Body Stipends	\$69,499	\$69,499	\$69,499	\$69,499	\$69,499		\$277,996
Liaison & PIn (State, PSMFC)	\$718,235	\$718,235	\$739,782	\$761,976	\$784,835		\$3,004,828
Outside Consultants and Projects	\$456,259	\$121,851	\$215,000	\$202,188	\$215,000		\$754,039
Total by Year	\$5,929,849	\$4,954,334	\$5,849,806	\$6,188,052	\$6,584,686	\$130,041	\$23,706,919

**does not include IRA projects

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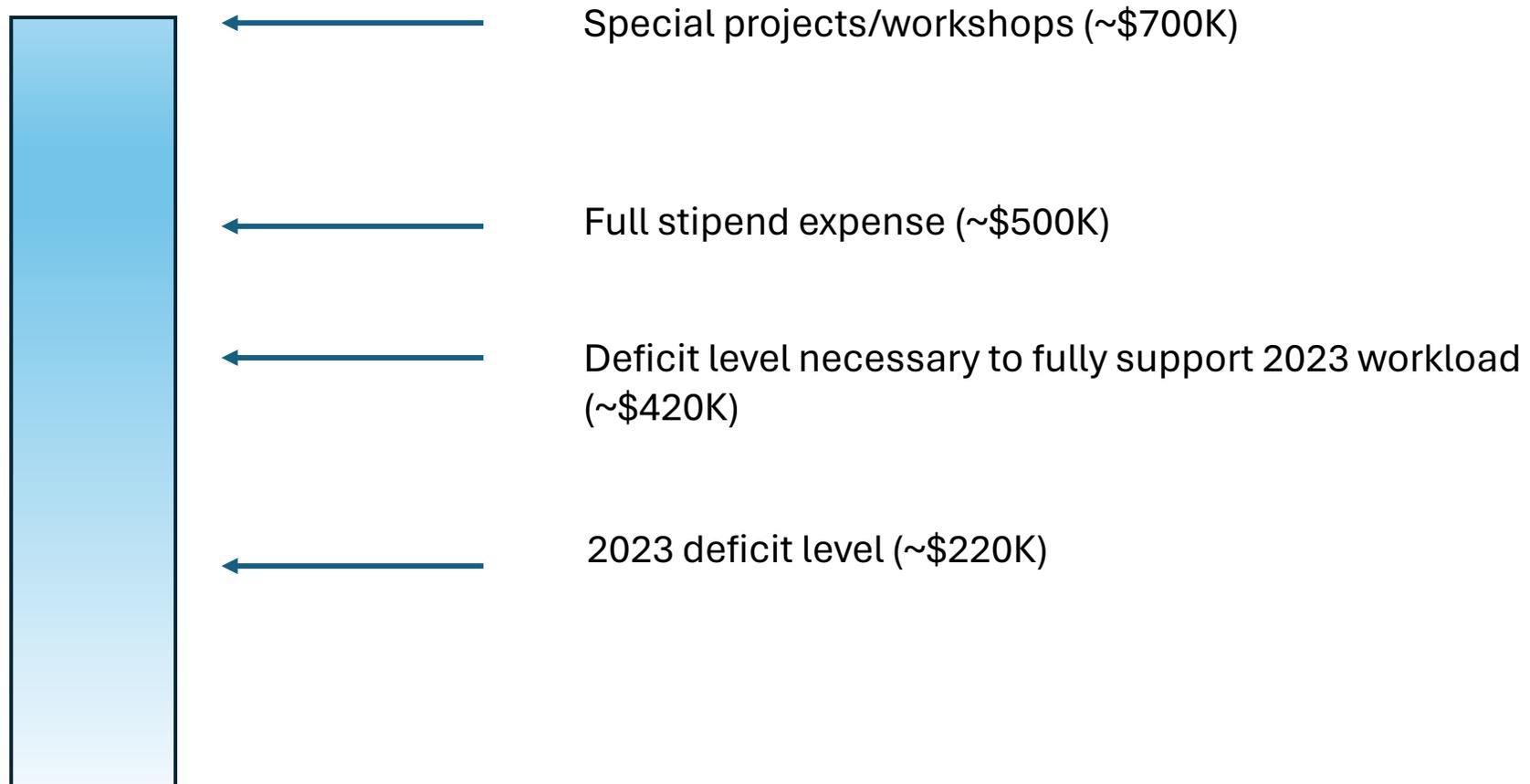
Council Operations and Priorities (Post COTW ED recommendations)

- Recommendations are substantially (though not entirely) driven by budget concerns. As such, it is appropriate for the BC to weigh in on Council Operations and Priorities (Agenda Item C.2)

High-level summary of budget challenges

- Estimated that over the long term the Council's underlying deficit is over \$700K
- This figure makes several assumptions:
 - Current operational practices remain
 - Inflationary pressures are offset by revenues
 - The Council desires a budget that covers core work plus additional special projects (workshops, special agenda items)
 - Other assumptions tied to the 2024 budget (stipends fully claimed, travel, etc)

How the long-term structural deficit compares to 2023 deficit



Where we stand in the near term

- At the end of this year, we estimate that the Council will have a delayed spending account balance of roughly \$2 million. This compares to:
 - Recent budgets of roughly \$6 million
 - Expenses through March of ~\$900K
 - Expenses through April of ~\$1.2 million
 - Expenses through May of ~\$2.0 million
- Full funding of IRA projects helps to stabilize Council finances for the next 2.5 years
 - This means the Council can systematically implement any changes to operational practices over the next 2 to 3 years

Brief synopsis of recommendations

- ED recommendations focus on streamlining meetings
- This focus exists based on the notion that the Council attempt to streamline expenses before cutting priorities
- Recommendations provided should avoid negatively impacting the Council's decision-making
- The report consists of three main sections, with the third section comprising a road map for implementation
 - This road map suggests committing to certain milestones and dates regarding meetings and their format