

REPORT OF THE BUDGET COMMITTEE ON FISCAL MATTERS

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met on Wednesday, September 18, 2024, to receive information regarding the Council's 2024 Status of Funding, the 2023 Audit Results, 2024 Budget and Expenditures through August 31, the Calendar Year 2025 staff proposed provisional budget, and the 2025 No-Cost Extension Narrative and Budget. The Committee also reviewed proposed changes to Council Operating Procedure 9 (Schedule 7).

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

Mr. Ryan Wulff noted that Continuing Resolutions are being discussed in both the House and the Senate to fund the government for the initial part of the Fiscal Year (FY). In the event a Continuing Resolution is not in place, NMFS will be part of the government shutdown. This is not expected to impact the Council directly. Future NMFS budget information depends on when final appropriations are available.

Executive Director's Report ([Agenda Item K.1, Supplemental Attachment 2](#))

Mr. Burden reviewed CY 2024 financial expectations and noted that all 2024 funds expected have been received to date. This includes initial funding from the Inflation Reduction Act (IRA) Grant, with a second allocation expected before the end of the calendar year. Budgeted financial expectations at 2024 year end of \$1.9M, which would result in a no-cost extension for 2025.

The 2023 audit results were reviewed, and it was noted that the audit complies with the Federal Audit Standards and there were no noncompliance issues in the financial statements. The audit notes that we are not a low-risk auditee due to the prior audit finding in 2021. Prior changes have been implemented to prevent future occurrences which led to the 2021 audit finding.

Mr. Burden provided proposed revisions to Council Operating Procedure (COP) 9, Schedule 7. These minor revisions are intended to align with current Department of Commerce grant policies.

Mr. Burden presented the committee with a proposed 2025 budget with details that relate to three expected funding sources and requested the committee focus on the No-cost Extension portion since the request for extension is due before the next Council meeting. The extension funds are primarily used to support projects that are continuing from 2024 and will also provide an opportunity to support Council infrastructure. Currently the preliminary provisional 2025 budget is just under \$6.8M, which is an increase of \$200,000 over the 2024 budget.

Budget Committee Discussion on Activities

The Budget Committee elected Pete Hassemer to serve as Chair and Marc Gorelnik to serve as Vice-Chair for the next year. The BC discussed the COP revisions and supported the changes but modified the document to add the word "Administrative" to identify the type of Grant.

The Budget Committee discussed the proposed preliminary annual budget, had no recommendations for changes at this time, and will review the proposed budget again in November to make a recommendation to the Council then.

The Committee discussed several other matters, including the movement of meetings to remote format and the associated budget implications. The BC also discussed the apparent downsizing of staff and capacity that is occurring across partner agencies of the Council and the impact this will have on Council committees and working groups. BC members expressed concern and noted the need to prioritize work and be clearer about roles and responsibilities within the Council process in light of changing personnel and related capacity. The BC further discussed the Council's IRA projects and inquired whether and when a more detailed discussion of IRA budgets could take place.

State members of the BC indicated that they were recently notified that NMFS has reduced funding to Pacific States Marine Fisheries Commission for work with the Pacific Fishery Information Network. Mr. Wulff noted that NMFS Discretionary funds are unknown until 2025 appropriations are complete.

Budget Committee Recommendations:

- 1. Approve the 2023 Audit Results**
- 2. Recommend the changes to [COP 9, Schedule 7](#) with the inclusion of the word “Administrative” to identify the type of Grant**
- 3. Approve the No-Cost Extension Narrative and Budget**

PFMC
09/22/24