

REPORT OF THE BUDGET COMMITTEE

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met on Wednesday, November 13, 2024, to discuss the Council's 2024 financial status, 2024 Budget and Expenditures, and the Calendar Year (CY) 2025 staff proposed provisional budget.

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

Mr. Ryan Wulff noted that the current Continuing Resolution (CR) for National Oceanographic and Atmospheric Administration (NOAA) Fisheries is set to expire December 20. The current expectation is that an additional CR is likely to allow the new Congress to take office. With these expectations, future appropriations are unknown, but details may be available for a Spring Committee meeting.

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

Mr. Burden reviewed CY 2024 financial expectations and forecasts through year end. The current forecast indicates utilizing ninety-three percent of the 2024 budget which is approximately \$430,000 less than the approved budget. The budget underage is primarily due to delays in receiving Inflation Reduction Act (IRA) funding and the subsequent delay in executing contracts associated with that funding. Other budget line items are projected to have end of year expenses near approved budget amounts. At the end of the calendar year, staff projects that the Council will have \$1.9 million remaining from the 2020-2024 grant for no-cost extension projects and approximately \$2.2 million remaining in Inflation Reduction Act (IRA) grant funds.

The proposed 2025 provisional budget presented by staff is similar to the preliminary review that was considered by the committee in September. Some noteworthy items contained in the 2025 provisional budget as proposed include: continued staff transition and associated overlap through the spring, one FTE supported by IRA funds, and contracts that help supplement staff efforts to advance Council initiatives. Other minor changes exist in the 2025 budget when compared to recent years, including: minor adjustments to stipends due to adjustments in the Federal Pay Scale; travel adjustments due to inflation; one less in-person Groundfish meeting compared to recent years; continued use of remote and hybrid meeting capabilities; a slight increase in non-Council meeting travel; and increased infrastructure investments due to end of life replacement needs. State and Liaison contracts remain steady for 2025, while outside contracts are higher than recent years support IRA work.

Projected impacts to the delayed spending account were presented utilizing information based on the estimated 2024 expenditures and the proposed 2025 provisional budget. The spend rate of the delayed spending account is expected to slow in 2025 and 2026 compared to 2024. This is in part due to an end of the staffing transition period, the supplementation of some expenses by IRA funds, and other matters. These forecasts rely on the Council continuing to be financially diligent.

The long-term outlook is that expenses will more closely match income during the next grant period.

However, substantial uncertainty exists surrounding this outlook, including future levels of funding, inflation, and other matters.

Additional Matters

Ms. Hearing provided an update on the current status of Council grants. The 2020-2024 Grant Extension request was submitted after the September meeting, and the 2025-2029 Grant was submitted in late October with a minor revision needed due to changes in accounting categories for federal awards. The 2024-2028 IRA Grant was also revised to account for the changes in these same categories. All three grants are currently under review with NOAA Grants Management Division.

Mr. Burden presented details relating to enhanced site reviews planned by NMFS to review the operations and financial procedures of the Council. These site reviews are proposed for all eight Fishery Management Councils; however, the Pacific Council's site review hasn't been initiated or scheduled at this time.

The State and Liaison Contract administration will also be reviewed and refined, and Council leadership will work with the state contract administrators on these updates that should be reflected in the 2025 agreements. The changes are planned to identify the scope of work more precisely for these contracts.

Budget Committee Discussion on Activities

The Budget Committee discussed the 2025 budget and recommended adoption of the CY 2025 Provisional Budget as presented by staff. The Committee also discussed the need for future meetings. Given the funding landscape and associated uncertainties, the BC discussed tentative scheduling of spring meetings (March and April) should the funding picture come into greater focus by that time. If information is not available, then the BC will plan a meeting for June.

Budget Committee Recommendations:

- 1. Approve the 2025 Provisional Budget of \$6,472,850 for use beginning January 1, 2025.**
- 2. Approve a March/April BC meeting if information regarding 2025 funding becomes available. If not, plan for a June 2025 Budget committee meeting.**

PFMC
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