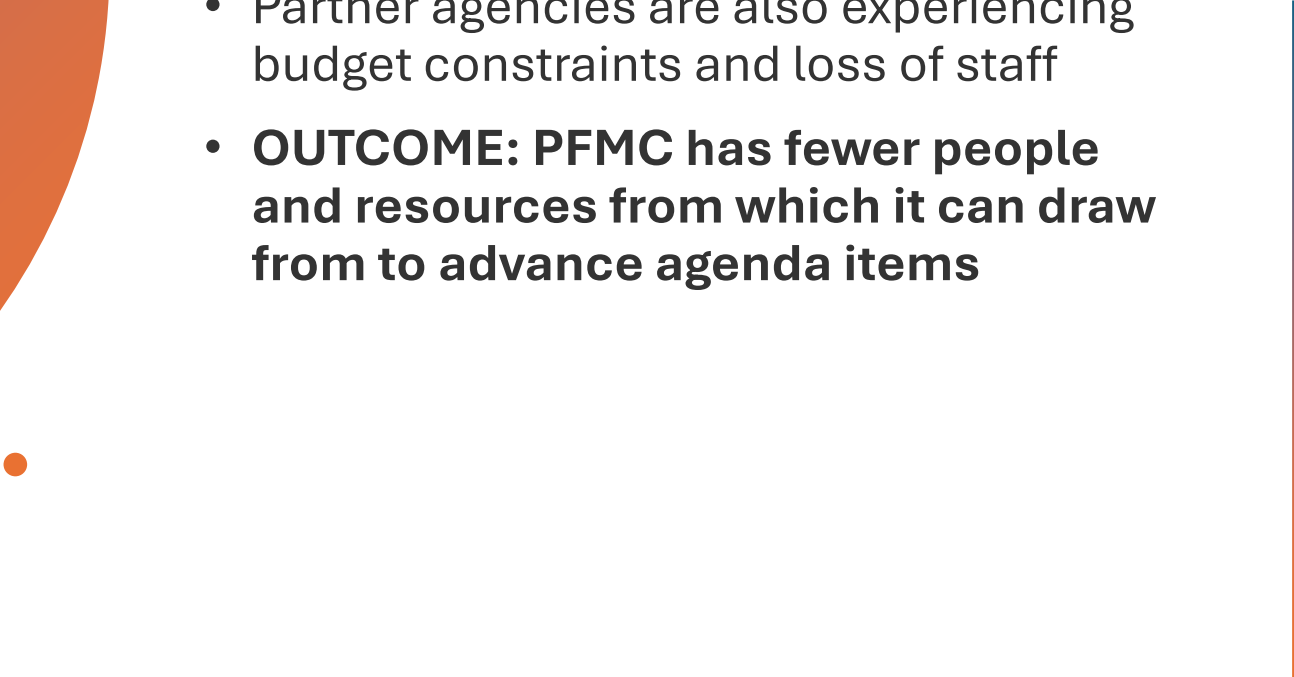


# Executive Director's Report to the Budget Committee

June 2025




# Context

- We are in an uncertain budget environment as it relates to Council funding for 2025 and beyond
  - We do not yet know our income levels for 2025 (and beyond)
  - Partner agencies are also experiencing budget constraints and loss of staff
  - **OUTCOME: PFMC has fewer people and resources from which it can draw from to advance agenda items**
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# Concepts to guide this discussion



- Our budget challenges are a problem that affect us all
  - Difficult decisions will likely need to be made
  - We can get through these challenging decisions if we focus and align upon the way in which resources can be used to advance priorities
  - **MOVING FORWARD: The committee-of-the-whole process (including decisions and related conversations) built a basis for decisions that will need to be made in June and potentially beyond**
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# Goals for this meeting

- It is not possible to adopt a final operating budget for CY 2025 at this meeting (because we don't yet know our income levels)
- We have commitments that need to be obligated that relate to grants for special projects
- **Our goal** is to make some risk-based decisions about how to proceed through 2025 while the budget picture continues to unfold
- **When considering how to make risk-based decisions, we should prioritize those activities which continue to address the needs of our fisheries, as outlined in MSA and parallel law**

# Where are we?

- We plan to spend all of our NCE, which is required
- Special project funding will be drawn down according to current plans for those projects
- If Provisional Budget is implemented, and we receive no additional funds, we will have ~\$448K on hand at the end of the year
  - goal is to have at least \$700K to \$800K on hand (for gov't shutdowns, delays in funding, etc)

Full funding would amount to \$1.7 million more, leaving a balance of roughly \$2.1 million

<b>No Cost Extension</b>	
Funds remaining at end of CY 2024	\$ 2,210,192
Planned Expenditures 2025	(2,210,192)
Expected funds remaining at end of CY 2025	\$ -
<b>2024-2027 Special Funding Grant</b>	
Funds remaining at end of CY 2024	\$ 2,315,303
Planned expenditures through December 31	\$ 1,018,438
Special Project funds expected at end of CY 2025	\$ 1,296,865
<b>2025-2029 Grant Funds</b>	
Funds Received through May 31, 2025	\$ 2,262,871
<b>UPDATE ADDITIONAL FUNDS</b>	<b>\$ 1,000,000</b>
Planned expenditures through December 31	\$ 2,813,902
Funds remaining at end of CY 2025	\$ 448,969

We've trimmed a fair amount off our “adopted” provisional budget as we've gone through the year.

*- our “updated” provisional budget reflects decisions and plans made since November*

Category	Adopted 2025 Provisional Budget	Updated 2025 Budget from Grant Funds	Updated 2025 Budget from Ext. Funds	Updated 2025 Budget from Spec. Projects	Updated 2025 Operational Budget	Increase (Decrease) from Adopted Provisional
Staff Wages & Benefits	2,729,735	1,192,971	912,867	483,024	2,588,862	(140,874)
Travel	1,243,130	582,081	339,892	170,577	1,092,550	(150,579)
Supplies & Services	827,829	384,803	267,099	80,423	732,325	(95,504)
Contractual					-	-
Council Member Compensation	274,955	122,330	85,927	53,104	261,360	(13,595)
Advisory Body Stipends	74,559	47,633	21,866	5,060	74,559	-
Liaison (State, PSMFC)	719,235	451,989	267,246	-	719,235	-
Other (Salmon SAFE, GF Spex, etc.)	603,407	32,096	315,296	226,250	573,642	(29,766)
Total	6,472,850	2,813,902	2,210,192	1,018,438	6,042,532	(430,317)

# Implications of current fiscal outlook

- If nothing more changes with regard to our income or planned expenditures, our end of year account balance will drop below our desired goals
  - This has further implications for 2026
    - In order to achieve fiscal sustainability in 2026 under this scenario, we would need to undertake dramatic austerity measures in CY 2026 (i.e. a reduction in our annual budget from ~\$6mil to \$4.5 to \$4.2 mil).
      - The suddenness of such a dramatic reduction would compromise the Council due to the limited number of fiscal commitments we can change on that time scale (cancelled Council meetings, no/minimal state liaison contracts, layoffs of staff)
- It is possible we will receive more funding at some point this year, but we should not plan on receiving all of our expected base funding amount
  - We should have in hand roughly 60% of our budget by the end of June. Federal agencies have been receiving roughly 70% to 80% of their budget

There are additional steps we can take to reign in expenses, and I suggest we do so

# What steps are possible?

- We are halfway through the year and have thus committed to some expenses. This limits what we can do
- Other Councils have approached similar conditions by trimming back on:
  - Council meetings – cancelling meetings or going remote
  - Staffing – leaving positions vacant
  - Contracts – cutting or trimming contracts
  - Small administrative expense adjustments

By and large, we are limited to the same types of adjustments in 2025



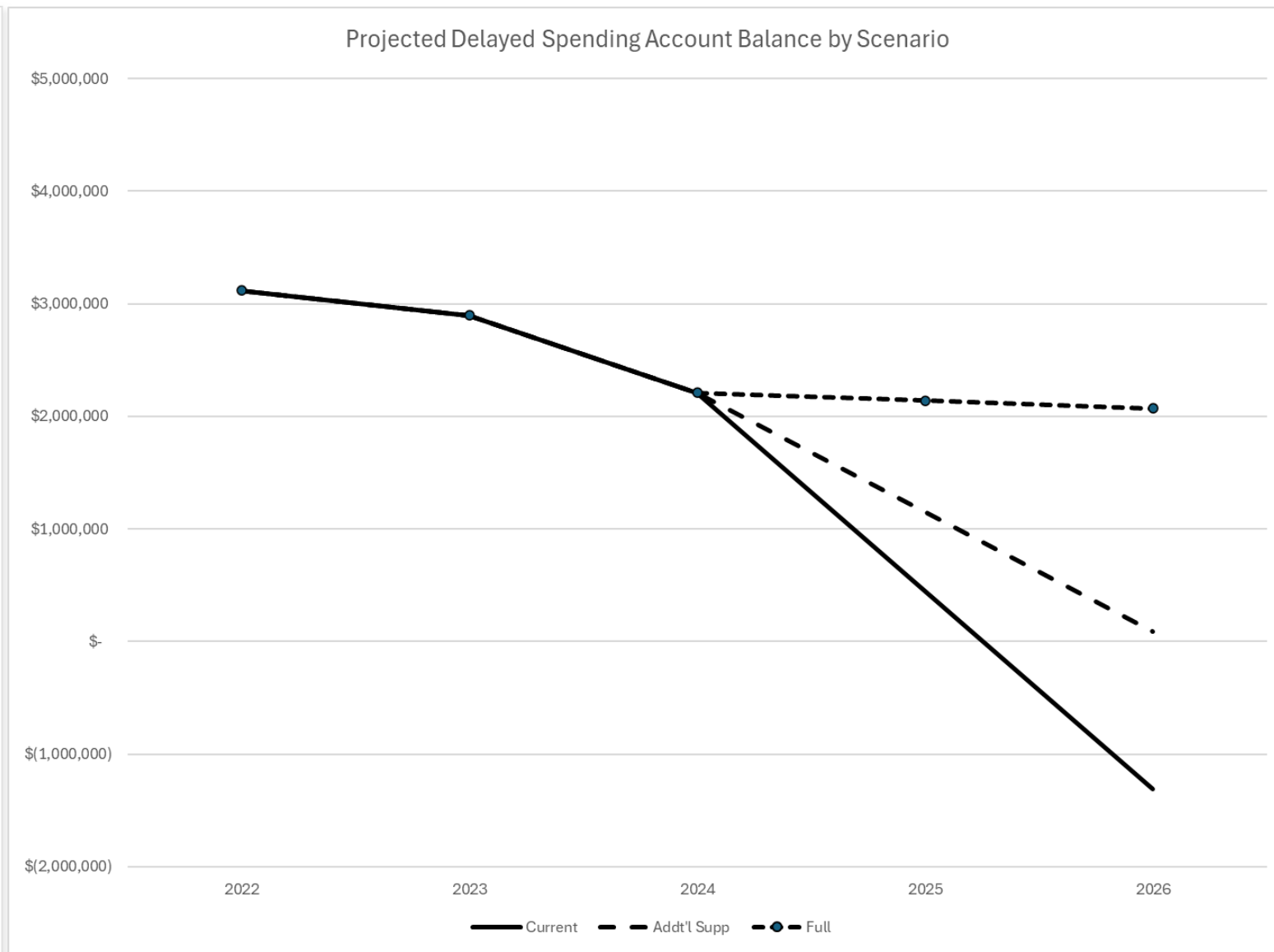
# Assumptions and Approach for 2025 Budget Planning

- The Council will not receive fully anticipated base funding levels (20% to 30% reduction in base funds assumed)
- We desire the smooth operation of the Council as this helps facilitate effective support of the Council and effective decision-making by the Council
- **RESPONSE TO ASSUMPTIONS - To support Council stability in the time of uncertainty, we need fiscal decisions that hedge against this uncertainty**

# Snapshot of fiscal outlook by scenario

- Figure illustrates delayed spending account balance projections through 2026
- All scenarios assume expenses are equal to updated provisional budget
- Scenarios are based upon
  - Received and pending income (Current)
  - Funding equal to 80% of assumed base grant (Add'l Supp)
  - Full receipt of base grant (Full)

Bottom line: unless we receive our full income, we need to substantially reign in expenses



# What planned expenses can we reign in this year?

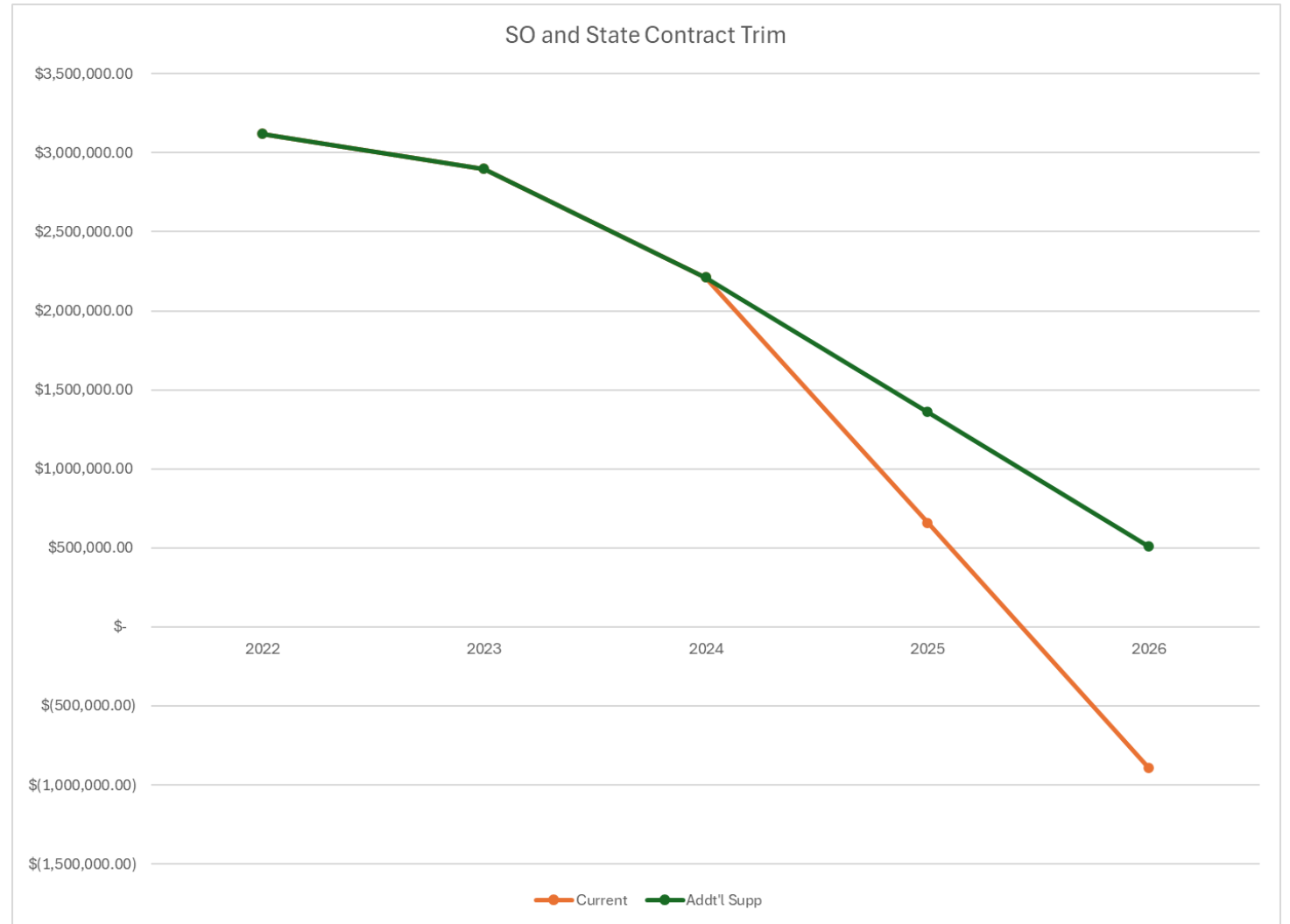
- We have already spent, or are committed to, several expenses through the balance of 2025. Expenses we can still trim while continuing Council operations include:
  - Leave current SO position vacant
  - Trim back state liaison contracts
  - Have a remote September Council meeting
  - Have a remote November Council meeting
  - Other, smaller adjustments will be made to save funding as we go through the year

# Scenarios based on different savings

- Three scenarios are shown in the next slides that outline our fiscal impacts.
  - These scenarios implement increasing levels of cuts to identify how Council fiscal resources fare through 2025 and 2026
  - The intention with these scenarios is to help tee up a discussion of fiscal strategy as we move through the rest of the year

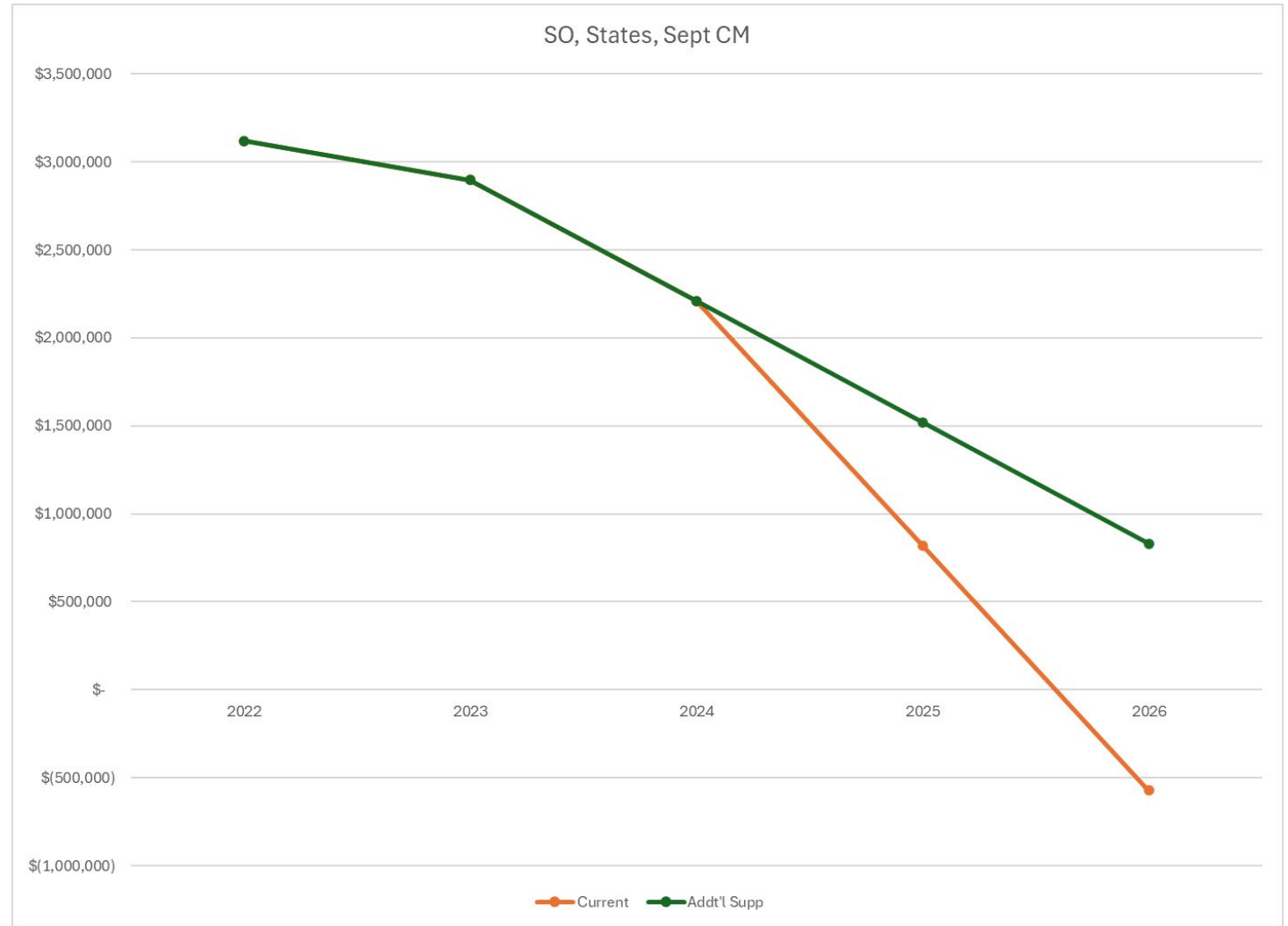
## Scenario 1: Hold off on SO backfill, trim state contracts

- Under this scenario the Council continues to face steep declines in fiscal status
- Delayed spending account may be fully spent by mid-2026 if no additional income is received
- If additional funds are received, delayed spending balance reaches small levels in 2026, after which dramatic cuts to Council operations would be necessary



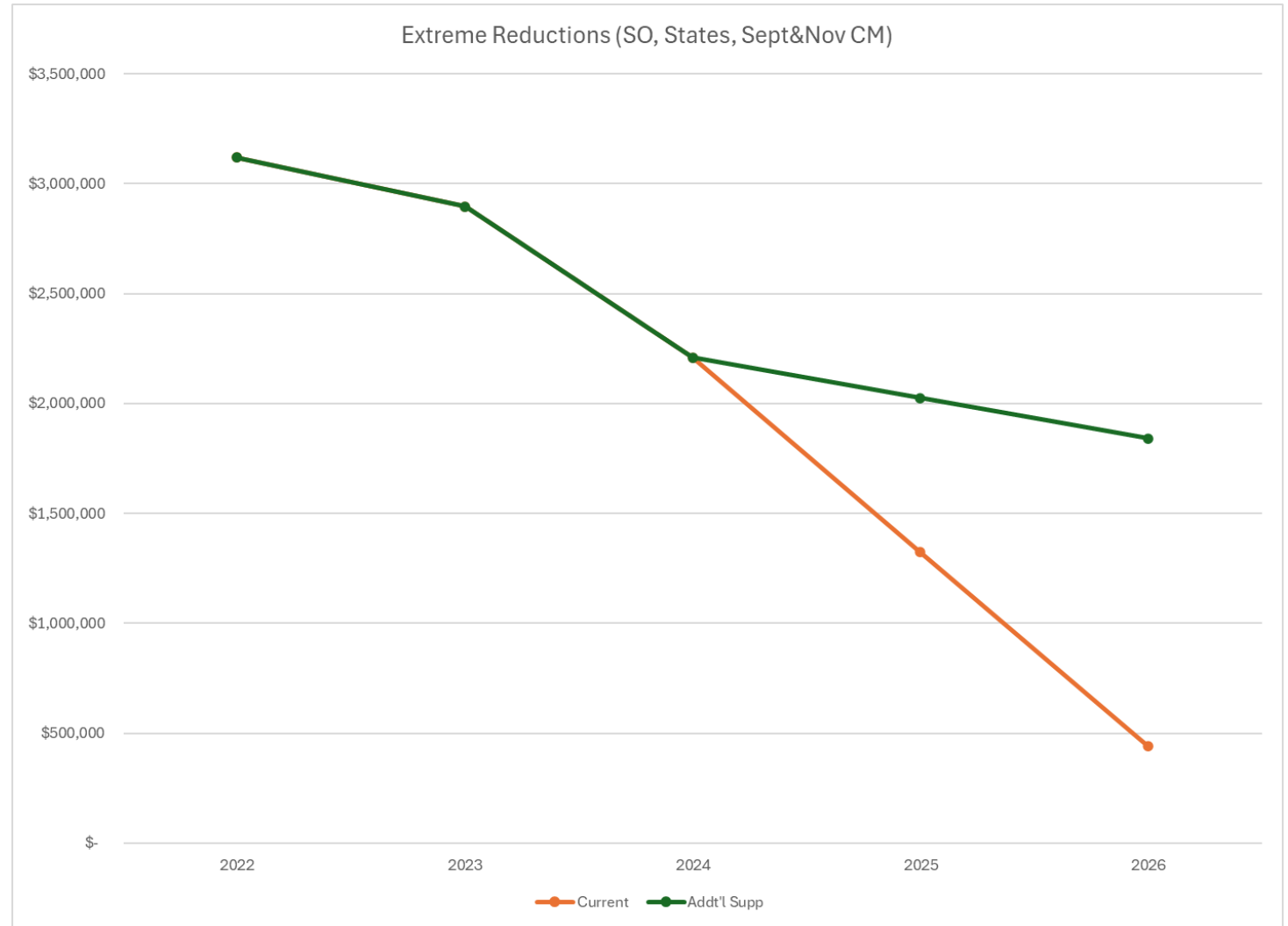
## Scenario 2: No backfill, trim state contracts, remote September meeting


- Under this scenario the Council continues to face steep declines in fiscal status
- Delayed spending account may be fully spend by late-2026 if no additional income is received
- If additional funds are received, delayed spending balance reaches target levels in 2026, after which large cuts to Council operations would be necessary



### Scenario 3: No backfill, large state contract trim, Sept and Nov CMs remote

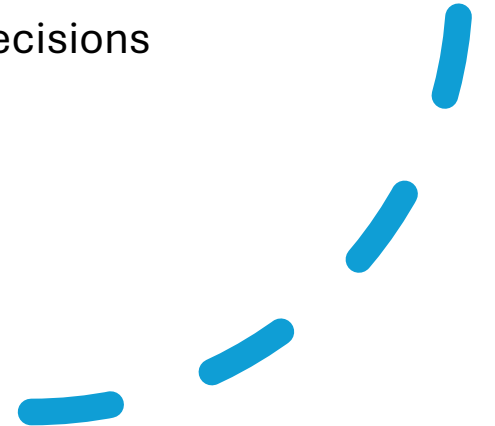
- Under this scenario the Council's fiscal status could be more stable
- Delayed spending account would likely last into 2027 if no additional income is received
- If additional funds are received, delayed spending balance continues to trend downward but at a very manageable rate



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# These scenarios help us think about fiscal risk management

- Uncertainty: we are uncertain about our income levels for this year and beyond
  - We have a reasonable idea about the range of funding outcomes and the impact of funding at various levels
- Consequences: the consequences of running out of money are severe from a Council perspective
  - Shutdown of Council, failure to meet statutory obligations, questions about meeting legal requirements related to records, administration, etc
- Risks: the risk to the Council is large, but appears manageable
  - These manageable decisions are still tough decisions






# A fiscal risk management approach

- Given our situation, it makes sense to outline a series of decisions that we take through time as more is known regarding our fiscal status and income for 2025
- This approach would:
  - Implement fiscal austerity measures which begin after this meeting
  - Implement additional expenses if or when additional funds are received
- The questions for implementing this approach are:
  - How much fiscal austerity do we implement beginning in June?
  - How long do we wait for additional funds before making future decisions?

# A fiscal risk management approach



June:  
Implement  
austerity  
measures.

September or  
sooner: Knowledge  
of 2025 income.  
Operational budget  
decision possible.  
Additional expenses  
possible.

November:  
Provisional  
2026 budget,  
partially based  
on 2025  
outcomes.

# Suggested Measures

## September Council meeting

- Remote meeting
- Timeline: decide by day last of June CM (plan B: by August 17)

## Staff Officer vacancy

- Leave vacant
- Timeline: leave vacant and reconsider funding this position in Nov (plan B: backfill if full funding received)

## State contracts

- Partial release of funds over time
- Timeline: release \$350K after June CM, \$500K if 80% of Council base funding received, full funding if all Council base funding received

## November Council meeting

- Consider going remote
- Timeline: Continue to plan on an in-person meeting. If additional funding is not received by September CM, make decision regarding remote meeting at that time

# Recommendations for the Budget Committee

- Consider the fiscal risk management approach outlined in this presentation