BUDGET COMMITTEE REPORT ON FISCAL MATTERS

The Pacific Fishery Management Council's (Council) Budget Committee (BC or Committee) met on September 17, 2026, to review the Council's 2026 funding status and expenditures through July 2026, the proposed Calendar Year (CY) 2027 pre-provisional budget, and the financial status of the 2024–2027 Inflation Reduction Act (IRA) grant. The Committee also considered the proposed no-cost extension (NCE) for the IRA grant and potential adjustments to the 2027 budget to address anticipated workload.

CY 2026 Financial Status

Executive Director Merrick Burden reviewed the Council's CY 2026 financial status, including expenditures through July 31, 2026, and projected year-end balances.

Approximately $2.8 million had been expended through July 31, representing approximately 48 percent of the operating budget. The Committee was advised that this level of expenditure is generally consistent with prior years.

Based on current funding and expenditures, approximately $3.1 million is expected to remain at the end of CY 2026 under the 2025–2029 grant, with approximately $389,000 remaining under the special project grant (IRA).

Mr. Burden also reviewed obligations associated with expenditures extending into future years, including obligations currently anticipated for 2027–2032.

CY 2027 Pre-Provisional Budget and IRA Grant

The Committee reviewed the proposed CY 2027 pre-provisional budget and the relationship between the Council's base grant and the IRA grant.

Mr. Burden explained the statutory requirements governing Council funding and the purposes for which different funding streams may be used. He also reviewed the flexibility available among cost categories and the process for aligning expenditures with anticipated workload. Barring major changes to the Council's structure, the Council's expenses are largely stable, with exceptions around certain types of contracts.

The Committee considered the additional administrative requirements associated with managing multiple funding streams, including the need to track expenditures by funding source. The IRA grant provided $2.5 million over four years and has led to additional administrative efforts as well as programmatic deliverables. The Committee discussed the status of these grant-related activities and the need to extend the period of grant performance through an NCE.

The current staff CY 2027 budget, prior to any IRA-related realignment, totals approximately $5.6 million. Of this amount, approximately $4.9 million is anticipated to be supported by the 2025–2029 grant and approximately $736,000 by the IRA grant (noting that this value exceeds the amount of funding expected to be available).

Staff provided Agenda Item C.3, Supplemental Attachment 5, which identifies work anticipated for completion in CY 2026, work that could be completed during an IRA NCE, and work that could be deferred for completion under the base grant.

Committee Discussion

The Committee supported submitting an NCE request for the IRA grant in advance of the November 2026 Council meeting, with staff incorporating Council feedback that may be provided under Agenda Item C.3.

The Committee discussed the importance of maintaining sufficient flexibility in the CY 2027 budget as workload priorities are refined. Given that the Council's budgets have become more closely aligned with planned work, the Committee discussed the inclusion of $100,000 to the CY 2027 provisional budget as a fund for work that may arise throughout the course of the year, but is not yet defined. This could be used for analytical support, facilitation, workshops, or other purposes. Use of this contingency would be considered in consultation with the Council as part of a workload-planning process.

The Committee discussed the importance of ensuring that future workload-planning discussions include consideration of budget impacts associated with proposed actions or tasks so that resources can be considered alongside workload priorities.

The Committee appreciated the general overview Director Burden prepared and presented at this meeting and would recommend Part 2 of his report to those wishing to understand some of the basic considerations involved with Council budgeting.

Budget Committee Recommendations:

1. Schedule a November 2026 Budget Committee meeting to:
    a. Review the status of 2026 expenditures
    b. Recommend a CY 2027 provisional budget
2. Submit a 2027 IRA No-Cost Extension Application that aligns project scope with available resources and capacity.

PFMC
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