



## **Finance Committee Meeting Summary December 2023**

The Finance Committee met in Executive Session on December 6. The agenda included a detailed review of council finances, an overview of Inflation Reduction Act proposed funding, and a discussion of preparation of the 2025-28 council's operating grant.

The Council is entering year 5 of its 5-year (2020-2024) grant in January. The regional councils are allocated funds annually through Congress (as a line item shared with the marine fisheries commissions), and further supplemented with additional funding through NOAA Fisheries. As was reported in April, we have accumulated surplus funds from Covid related virtual meetings in 2020 and 2021, which can be spent during the remainder of the grant period (and potentially rolled over into 2025 for use in completing unfinished projects detailed in the current budget).

Due to inflation, our annual costs have substantially increased in the past year (meeting, travel, salary, health insurance, etc.), and they are projected to increase further in future years. Because we have already implemented actions to reduce spending (e.g., not backfilling vacant positions, moving towards virtual committee meetings, and other saving measures), we project that costs will be equal to annual expenses in 2023 and 2024. However, projections for future years indicate that additional reductions will be required as inflation rates of >5% greatly exceed our typical annual grant allocation increases of 0%-2%. Even with the elimination of the February in-person meetings beginning in 2025 and all existing cost cutting measures, we anticipate that costs will exceed grant revenue by 2026, although the IRA funding may help us defer that possibility until later in the grant period.

The Finance Committee provided direction to the Executive Director on potential priority actions to control costs in the coming years as we develop our budget proposal for 2025-2028. Additionally, the Finance Committee recommended that the Executive Director work with other council directors to prepare a joint letter alerting the NOAA Fisheries Administrator of the financial strain faced by the Councils, and noting how meeting current MSA obligations, much less new initiatives, will be extremely challenging without additional funding.