

1 GULF OF MEXICO FISHERY MANAGEMENT COUNCIL

2  
3 ADMINISTRATIVE/BUDGET COMMITTEE

4  
5 Hyatt Centric French Quarter New Orleans, Louisiana

6  
7 AUGUST 12, 2019

8  
9 **VOTING MEMBERS**

10 Joe Spraggins.....Mississippi  
11 Susan Boggs.....Alabama  
12 Martha Guyas (designee for Jessica McCawley).....Florida  
13 Lance Robinson (designee for Robin Riechers).....Texas  
14 Chris Schieble (designee for Patrick Banks).....Louisiana  
15 Bob Shipp.....`Alabama

16  
17 **NON-VOTING MEMBERS**

18 Kevin Anson (designee for Scott Bannon).....Alabama  
19 Leann Bosarge.....Mississippi  
20 Roy Crabtree.....NMFS  
21 Dale Diaz.....Mississippi  
22 Dave Donaldson.....GSMFC  
23 Jonathan Dugas.....Louisiana  
24 Phil Dyskow.....Florida  
25 Tom Frazer.....Florida  
26 John Sanchez.....Florida  
27 Greg Stunz.....Texas  
28 Ed Swindell.....Louisiana  
29 Lt. Mark Zanowicz.....USCG

30  
31 **STAFF**

32 Matt Freeman.....Economist  
33 John Froeschke.....Deputy Director  
34 Beth Hager.....Administrative Officer  
35 Lisa Hollensead.....Fishery Biologist  
36 Mara Levy.....NOAA General Counsel  
37 Natasha Mendez-Ferrer.....Fishery Biologist  
38 Emily Muehlstein.....Public Information Officer  
39 Kathy Pereira.....Meeting Planner - Travel Coordinator  
40 Ryan Rindone.....Fishery Biologist & SEDAR Liaison  
41 Bernadine Roy.....Office Manager  
42 Carrie Simmons.....Executive Director

43  
44 **OTHER PARTICIPANTS**

45 Ryan Bradley.....Mississippi Commercial Fisheries United, MS  
46 Eric Brazer.....Shareholders Alliance  
47 Chester Brewer.....SAFMC  
48 Glen Brooks.....

1 Catherine Bruger.....Ocean Conservancy, St. Petersburg, FL  
2 Shannon Cass-Calay.....SEFSC  
3 Ronald Chicola.....Ruston, LA  
4 Bubba Cochrane.....Galveston, TX  
5 Michael Drexler.....Ocean Conservancy, St. Petersburg, FL  
6 Thomas Duffy.....USCG  
7 Traci Floyd.....MDMR, Biloxi, MS  
8 Neil Gryer.....Ocean Springs, MS  
9 Ken Haddad.....ASA, FL  
10 Scott Hickman.....Galveston, TX  
11 Lawrence Marino.....LA  
12 Ted Mask.....Southeastern Fisheries Association  
13 Jack McGovern.....NMFS  
14 Carole Neidig.....Mote Marine Lab  
15 Alicia Paul.....Panama City Beach, FL  
16 Kelia Paul.....Panama City Beach, FL  
17 Jessica Powell.....NMFS  
18 Ashford Rosenberg.....Shareholders Alliance  
19 Bob Zales.....Panama City, FL  
20 Barb Zoodsma.....NOAA

21  
22  
23

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TABLE OF CONTENTS

1  
2  
3 Table of Contents.....3  
4  
5 Table of Motions.....4  
6  
7 Adoption of Agenda and Approval of Minutes.....5  
8  
9 Action Guide and Next Steps.....5  
10  
11 2017-2018 Audit Report.....5  
12  
13 Approval of Final 2019 Funded Budget.....6  
14  
15 Review of 2015-2019 Projected Expenditures and Budget Carryover  
16 to 2020.....8  
17  
18 Guidance from NMFS on the Multiyear 2020-2024 Council Budget  
19 Requests and Gulf Council Projection.....11  
20  
21 Adjournment.....16  
22

- - -

TABLE OF MOTIONS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

PAGE 8: Motion to approve the 2019 revised funded budget. The motion carried on page 8.

PAGE 16: Motion to approve the proposed budget request for 2020 to 2024. The motion carried on page 16.

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1 The Administrative/Budget Committee of the Gulf of Mexico  
2 Fishery Management Council convened at the Hyatt Centric French  
3 Quarter, New Orleans, Louisiana, Monday morning, August 12,  
4 2019, and was called to order by Chairman Joe Spraggins.

5  
6 **ADOPTION OF AGENDA**  
7 **APPROVAL OF MINUTES**  
8 **ACTION GUIDE AND NEXT STEPS**  
9

10 **CHAIRMAN JOE SPRAGGINS:** Just real quick, I will just introduce  
11 the members of the committee. Obviously, Mr. Banks isn't here,  
12 but we have Boggs and then McCawley and Riechers and Shipp, and  
13 so is anyone replacing anyone? I don't know everybody, and so  
14 I'm sorry. I am trying to learn how to do these things. the  
15 first thing we need to do is Adoption of the Agenda. Could I  
16 get a motion to adopt the agenda for today?  
17

18 **MS. SUSAN BOGGS:** So moved.  
19

20 **CHAIRMAN SPRAGGINS:** We have a motion. Do we have a second?  
21

22 **DR. BOB SHIPP:** Second.  
23

24 **CHAIRMAN SPRAGGINS:** Any discussion? All in favor say aye. All  
25 right. The next thing on the agenda is Approval of the Minutes  
26 for April of 2019. Do I have any -- Could I get a motion for  
27 approval for the minutes of April 2019?  
28

29 **MS. BOGGS:** So moved.  
30

31 **DR. SHIPP:** Second.  
32

33 **CHAIRMAN SPRAGGINS:** Any discussion? All in favor say aye. All  
34 right. They are approved. We are getting this thing moving,  
35 aren't we? I am beginning to wonder if anybody is awake this  
36 morning. All right. The next thing we've got is the Action  
37 Guide, and I will turn it over to Dr. Simmons.  
38

39 **2017-2019 AUDIT REPORT**  
40

41 **EXECUTIVE DIRECTOR CARRIE SIMMONS:** Thank you, Mr. Chairman.  
42 Good morning, everyone. What I thought we would do, since we  
43 have a couple different items, is we would go through the action  
44 guide for each of the items before we go through the item, if  
45 that's okay, Mr. Chairman. Okay.  
46

47 Let's start with Tab G, Number 4, and it's the 2017-2018 Audit  
48 Report. We have a biennial audit, and that was conducted, and

1 the exit interview was just completed on August 6 of 2019, and  
2 the council members that were present for that exit interview  
3 were Dr. Tom Frazer, Mr. Joe Spraggins, and Dr. Paul Mickle, and  
4 the audit included three open federal contracts during this  
5 cycle, and that would be our main award, our main admin award,  
6 and then two coral reef conservation awards. The full report is  
7 Tab G, Number 4, and I don't know if we want to bring that up,  
8 but folks can look at that as I'm going through it.

9  
10 The audit was compiled with OMB guidance, and it was free of  
11 material weaknesses. The auditors were very impressed with Ms.  
12 Hager's organization and recordkeeping, and so kudos to Beth,  
13 and they were pleased with the complete and full access to the  
14 records during the two-week field work session in the council  
15 office, and so this would be our first audit with Beth, Ms.  
16 Hager, being our Administrative Officer, and so congratulations,  
17 and thank you, Beth.

18  
19 The full audit report has been uploaded to the federal  
20 clearinghouse and accepted in accordance with our federal  
21 requirements, and so we have no further action, but I just  
22 wanted to bring this to the council's attention, to see if  
23 anybody had any questions, and just to tell you that we have a  
24 clean report. Thank you.

25  
26 **CHAIRMAN SPRAGGINS:** All right. Next we have got the budget,  
27 and so I am going to turn that back over to you also for the  
28 budget.

29  
30 **APPROVAL OF FINAL 2019 FUNDED BUDGET**

31  
32 **MS. BETH HAGER:** In Tab G, Number 5, we're looking to review and  
33 approve the final 2019 amended budget. In April of 2019, the  
34 committee reviewed, and the council approved, a draft budget and  
35 activities schedule for 2019, and this was based on our  
36 estimated 2019 funding level.

37  
38 All funds have been received from NOAA for the 2019 fiscal year.  
39 Staff revised the original budget to include the additional  
40 funding and reallocated funds, taking this year's activity into  
41 account. The committee should review the revised final 2019  
42 budget, ask any questions, and consider passing a motion for  
43 approval, if desired.

44  
45 I am going to go through Tab G, Number 5 with everybody, a  
46 little bit in detail, so that we can see the line items and if  
47 anybody has any questions.

48

1 Our first column in Tab G, Number 5 represents the  
2 administrative award expenditures to date, up to June 30, 2019,  
3 and the second column is the initial draft budget, based on our  
4 then estimated funding of \$3,801,300. The last column is our  
5 proposed funded budget, including the additional \$149,548 in  
6 funding that we received for 2019 activities.

7  
8 The budget lines that were adjusted from the original have been  
9 highlighted in blue. Overall, we're right on track, at about 55  
10 percent left unexpended in funds from our original 2019 budget.  
11 Based on the proposed funded budget, we do anticipate  
12 liquidating the 2019 funding by year-end. This funded budget  
13 incorporates the council's request to include budgeting for a  
14 council member to attend in-person and webinar SEDAR stock  
15 assessment meetings.

16  
17 When we go to the fringe benefits line, the leave account is  
18 reviewed annually, and, historically, it's funded based on funds  
19 availability towards the end of the year. In the most recent  
20 analysis, it indicates that \$163,458 will bring this account to  
21 a fully funded level. This is included here in the draft budget  
22 before you.

23  
24 When we go to the travel category, it is underspent thus far in  
25 2019. Part of this is due to changes in personnel and  
26 repercussions from the furlough, and we also experienced delays  
27 in stock assessments and regulatory changes in the release of  
28 the National Marine Sanctuaries proposed expansions. Thus, not  
29 as many meetings have been held to date as originally  
30 anticipated.

31  
32 Due to the travel category being underspent, the travel and  
33 meeting room budgets have been reduced accordingly, based on the  
34 reevaluated activity plans as the year has developed. We have  
35 produced a projection through December 31, 2019, based on the  
36 budgeted activities we think we can complete by the end of the  
37 year, and we're discussing these activities in Tab G, Number 6.

38  
39 We budgeted for capital equipment and purchased a new council  
40 van. This has an extended warranty, which is why we have the  
41 whole number reflected in capital equipment, and so the warranty  
42 will go on for five years now with the van, and all of the  
43 service is included in that.

44  
45 Under the supplies line, it was increased to account for  
46 updating all the computers to Windows 10. Microsoft will no  
47 longer support Windows 7 after the beginning of the year, and  
48 most of our computers are still on that operating system.

1  
2 Down in the contractual line, we are suggesting a one-time  
3 allocation to the five Gulf states and the Gulf States Marine  
4 Fisheries Commission for liaison activity. It's \$20,000 each,  
5 and that would bring the total additional to \$120,000. Does  
6 anyone have any questions so far? If the committee agrees with  
7 the proposed funded 2019 budget, we would need a motion to  
8 recommend this to Full Council.

9  
10 **CHAIRMAN SPRAGGINS:** Okay. Does anybody have any questions on  
11 the budget that is proposed? If not, I would like to have a  
12 motion to recommend it to Full Council.

13  
14 **DR. SHIPP:** So moved.

15  
16 **MS. MARTHA GUYAS:** Second.

17  
18 **CHAIRMAN SPRAGGINS:** Any discussion? **All in favor say aye.**  
19 **Okay. We will carry it to Full Council.** Thank you. Next, you  
20 have the update.

21  
22 **REVIEW OF 2015-2019 PROJECTED EXPENDITURES AND BUDGET CARRYOVER**  
23 **TO 2020**

24  
25 **MS. HAGER:** Yes, sir. Next, we have a review of the 2015 to  
26 2019 projected expenditures and budget carryover to 2020. This  
27 is Tab G, Number 6.

28  
29 The previous motion should say the "2019 revised funded budget".

30  
31 **DR. TOM FRAZER:** Dr. Shipp, are you good with the changed  
32 wording of the motion?

33  
34 **MS. HAGER:** Okay. As in years past, the council is anticipated  
35 to have surplus funding at the end of its five-year grant cycle  
36 from 2015 through 2019. Staff have developed a projection of  
37 our anticipated year-end fiscal projection, including the  
38 remaining 2019 budgeted activities, proposed carryover  
39 activities, and additional activities that were not completed.  
40 At the October council meeting, we'll provide an updated  
41 estimate of the final unexpended funds and potential projects  
42 for the council to review and consider funding.

43  
44 **CHAIRMAN SPRAGGINS:** Is there any questions on that? Did you  
45 want to review the next five-year budget?

46  
47 **MS. HAGER:** I was going to carry them through this in a little  
48 bit of detail, but if --



1  
2 **CHAIRMAN SPRAGGINS:** No, you go right ahead.

3  
4 **MS. HAGER:** Okay. We'll put up Tab G, Number 6.

5  
6 **MR. PHIL DYSKOW:** Just as a question, when you say carryover,  
7 are you referring to that in the form of an accrual, and are you  
8 allowed to accrue funds, non-category-specific, or is this like  
9 if you had a project in 2019 that wasn't completed and you can  
10 accrue the money into 2020, but you don't have any  
11 discrimination or any flexibility as to how those funds are  
12 utilized in 2020?

13  
14 **MS. HAGER:** We do have some flexibility within the line items.  
15 There is a 10 percent flexibility that we can do within each  
16 main category. The main categories are the bold numbers that  
17 are on the main budget that we presented, personnel, fringe  
18 benefits, travel, equipment, supplies, and contractual, but this  
19 is based on activity that may or may not have been completed  
20 within the entire five-year award period.

21  
22 **MR. DYSKOW:** So, basically, you are just applying GAAP  
23 principles to an accrual?

24  
25 **MS. HAGER:** Yes, but the funds do need to be liquidated within  
26 three months after the end of the period, in order for it to be  
27 considered spent, and so, if there is something that we need to  
28 do that extends beyond that period, that's what we would be  
29 talking about using carryover funds for.

30  
31 **EXECUTIVE DIRECTOR SIMMONS:** Just to add to that, the carryover  
32 activities that we have that she is going to go through, we have  
33 to develop a narrative, and it had to be originally in our  
34 proposed budget for the 2015 to 2019, and we had to explain  
35 basically why we couldn't complete them or, if there was  
36 unforeseen activities that we didn't anticipate in that budget  
37 year, we have to justify why we would like to carry the money  
38 forward to complete those, and so we have a long narrative that  
39 we're working on, and that will be reviewed by our grant  
40 coordinator.

41  
42 **MS. HAGER:** The budget is activities driven, and so it's all  
43 based on whether the activities were completed or not. Looking  
44 through this, we anticipate ending 2019 on target, but there  
45 were certain activities that were planned in the five year  
46 reward period which remain incomplete, and this is due in part  
47 to uncertain funding levels over the five-year cycle, and we  
48 have external agency delays.

1  
2 We have also experienced several staffing changes, which made it  
3 difficult to keep all positions filled and to complete all the  
4 activities. Staff is developing this twelve-month extension  
5 request to complete all of the work that was originally planned.

6  
7 Some of the meetings include work related to coral, essential  
8 fish habitat, ecosystem, coastal migratory pelagics, sustainable  
9 fisheries, and reef fish, as well as the associated SSC and AP  
10 meetings that were budgeted for but not completed to date.

11  
12 We have included aquaculture FMP-related meetings and  
13 activities, as we budgeted for this originally, but the council  
14 work is largely unknown until the outcome of litigation. These  
15 are the activities we included in the projected meeting  
16 activities line of \$546,283 up here in blue.

17  
18 The other activities line includes updates to our website and  
19 documents for 508 compliance, improving the functionality of the  
20 Fish Rules phone app, and continuing the contracts for SEFHIER  
21 and EFH activity. In total, at this time, the remaining  
22 unexpended funds may be \$335,398.

23  
24 This number will be revised and revisited again at the October  
25 2019 council meeting, at which time staff will bring a list of  
26 possible projects for council consideration that would be  
27 appropriate uses for the unexpended funding. Until then, any  
28 ideas or suggestions should be provided to the Council Chair and  
29 Executive Director. We would like them by September 30, if  
30 possible, so that we have adequate time to compose the potential  
31 scope of work and the related budget for review, for council  
32 review, during the October 2019 meeting.

33  
34 **CHAIRMAN SPRAGGINS:** Is there any questions on this? Obviously,  
35 sometimes during the year, things just don't all pan out the way  
36 they're supposed to, but they are looking at it and being able  
37 to reallocate those funds, and maybe re-do some of the things  
38 that were not able to be done, any type of meetings or anything  
39 else, and so I appreciate that. Any questions on it? Go ahead,  
40 sir.

41  
42 **MR. KEVIN ANSON:** Thank you, General Spraggins. I'm not on your  
43 committee, and I appreciate it, but, Beth, I'm sorry, and you  
44 may have said it, but, on the other carryover activities, did  
45 that include the extra liaison funding that was in the -- It did  
46 not?

47  
48 **MS. HAGER:** Under the estimated obligations line, we say that

1 that includes the potential liaison funding right there.

2  
3 **MR. ANSON:** It does. Thank you.

4  
5 **CHAIRMAN SPRAGGINS:** Okay. Any other questions? If not, we  
6 will move forward then to the proposed funding request for 2020  
7 through 2024, Dr. Simmons.

8  
9 **GUIDANCE FROM NMFS ON THE MULTIYEAR 2020-2024 COUNCIL BUDGET**  
10 **REQUESTS AND GULF COUNCIL PROJECTIONS**

11  
12 **EXECUTIVE DIRECTOR SIMMONS:** All right. Thank you, Mr.  
13 Chairman. This will be Tab G, Number 7, and we will need action  
14 on this before leave here, if not during committee, by Full  
15 Council, after we go through the 2020 through 2024 proposed  
16 budget, please, hopefully by Thursday. If we have any  
17 questions, we will get them worked out by then.

18  
19 I will go through that now, and it's Tab G, Number 7. We have  
20 worked on this proposed budget, and it's for 2020 to 2024, our  
21 administrative award only. The 2020 request can't include any  
22 activities that we anticipate in our carryover, and so there  
23 can't be co-mingling of funds. It has to be separate activities  
24 for that award.

25  
26 The funding process is not anticipated to change, and so staff  
27 will continue to bring the annual budgets to you, based on our  
28 actual funding, and, oftentimes, we bring a draft of that in  
29 April, and then, once we get our funding, a revised budget based  
30 on that for your review and approval later in the year.

31  
32 In Tab G, Number 7, the figures are presented and rounded to  
33 thousands, and so you have that, and so, basically, the guidance  
34 from NMFS Headquarters is to keep the 2020 total funding to be  
35 level-funded with 2019, and so that would be the \$3.95 million.  
36 Then with an average increase anywhere between 5 to 10 percent  
37 was the guidance they gave us into the out years.

38  
39 The total request for the five years would be \$22,740,700, and  
40 what I wanted to do is just kind of highlight some of the  
41 planned activities throughout the period, if we were funded at  
42 this requested level, and we should note here that the council  
43 has not historically received full funding at the budget and  
44 requested level, and so just keep that in mind as we're going  
45 through this.

46  
47 This is just some general items that I wanted to bring to your  
48 attention, and hopefully you can see this on your computer

1 screen, because it's pretty small up here, and so we have  
2 budgeted for a new staff member every year, and we have just put  
3 it in the budget for now.

4  
5 In 2020, meeting activities will be similar to 2019, but we have  
6 increased it in the out years, based on the hiring of more  
7 staff. In 2020, we budgeted for a visioning process, or a type  
8 of review, and this has been done by the Mid-Atlantic Council, I  
9 believe, and also by the South Atlantic Council, and that's  
10 something we have budgeted for. If the council wants to look at  
11 this in early 2020, we could bring several proposals, if we get  
12 the funding for that.

13  
14 This has helped them with their mission statement and short and  
15 long-term planning process for what they want the fisheries and  
16 the staff to look like and to move forward with, and so we did  
17 put that in the 2020 budget. In 2020, we budgeted also for an  
18 office buildout to accommodate potential new staff, and we also  
19 added a one-time \$5,000 additional increase for the five Gulf  
20 states and commission, and so that's just a one-time in 2020 as  
21 well that we have in the budget.

22  
23 In 2020 and 2023, we have budgeted for a part-time intern, and  
24 just a small hourly salary for that, and this is also something  
25 other councils do, and then, if they get the funding, they would  
26 advertise for an intern for a pertinent position to help. Like,  
27 for example, in 2023, when we're hosting the Council  
28 Coordinating Committee meeting, we might want a student that's  
29 interested in hospitality that could help Kathy plan that type  
30 of meeting or something like that, where we just pay them for  
31 three months of hourly salary, and so we did put that in the  
32 budget, if we were to get the funding.

33  
34 As I mentioned before, in 2023, we did budget for hosting the  
35 CCC meeting, and that will be our year, and then most of the  
36 meeting costs are based on current committee and panel size, and  
37 so, if we expand or contract the size of our panels, for those  
38 that are eligible for salaries, such as the SSC members, then  
39 that could change in the out years, and change from year to year  
40 as well, and so just keep that in mind.

41  
42 Health costs, we budgeted an increase of an average of 15  
43 percent per person, without taking into account changes in  
44 demographics over the five-year period, and so, of course,  
45 that's going to fluctuate, based on the demographics of staff,  
46 and we feel this is likely an overestimate, but it's not  
47 unreasonable, based on recent changes to health benefit  
48 premiums.

1  
2 Obviously, as we continue moving forward and we get our annual  
3 budgets, we will have to look at these things on an annual  
4 basis, to really see how realistic this is, but, as a small  
5 group, less than twenty people, costs of healthcare are rising,  
6 and so we did include that in the budget.

7  
8 We have also budgeted for the biennial audit, and another thing  
9 that we put in the budget is the CCC suggested that we have a  
10 new type of fisheries forum, and I think many of you know the  
11 Fisheries Forum is no longer in existence, but the idea would be  
12 that this style of workshop or meeting, that each of the  
13 councils would contribute, and National Marine Fisheries Service  
14 would contribute, and it would include council members and  
15 staff, and it would be every other year, and so, if there's a  
16 National SSC Meeting, it would be the other year that they were  
17 not doing the National SSC Meeting.

18  
19 It would be a one time a year meeting, and you get together, and  
20 the councils set the agenda. You have a working group of folks  
21 that set the agenda, and maybe there are specific topics that  
22 many other regional councils want to work on, data collection,  
23 changes with fisheries, other things, and so we've put that in  
24 there as well, in the off years from the audit and the National  
25 SSC Meeting.

26  
27 These draft applications for 2020 to 2024 are due to the Grants  
28 Office in early September. We have to do final edits and  
29 negotiations, and they need to be completed by October 31, so  
30 that we can get -- We are expecting the initial release of funds  
31 for 2020 in early January, or at least that's what we've been  
32 told, which would be wonderful, and it doesn't always occur  
33 every year.

34  
35 We have met with our regional grant coordinator, Mr. Dax Ruiz,  
36 and gone over these dates, and we have discussed providing  
37 drafts of the narrative for our carryover activities as well as  
38 the narratives for our scope of work for the 2020 to 2024, as  
39 well as the budget narrative, and so we'll be developing those  
40 as well after you take a look at this and provide feedback.  
41 With that, I will stop and see if there's any questions.

42  
43 **CHAIRMAN SPRAGGINS:** Okay. Yes, ma'am.

44  
45 **MS. GUYAS:** I have one, and it's from something you said about  
46 this current budget. We talked about meetings with the  
47 sanctuary, and I know like the Florida Keys plan is coming out  
48 shortly, and I assume those meeting are going to be either late

1 this fiscal year, or maybe next fiscal year, and I guess when  
2 they start having workshops, and it sounds like there's going to  
3 be a lot. Are we planning to send people to those still, or is  
4 it just more getting them here to present their plan?  
5

6 **CHAIRMAN SPRAGGINS:** Yes, ma'am.  
7

8 **EXECUTIVE DIRECTOR SIMMONS:** Thank you, Mr. Chairman. It's all  
9 of the above. We just had a call, and I think the rollout for  
10 the Florida Keys National Marine Sanctuary is August 20, I  
11 believe, and so we're trying to set up an advisory panel meeting  
12 right now of the Coral AP, the Shrimp AP, and the Coral SSC, so  
13 that we can discuss that agenda item as well as others, and  
14 we're having a little trouble getting a quorum, and so hopefully  
15 this will prompt everybody to heads-up, we need you, and this is  
16 important.  
17

18 We're trying to squeeze one in by the end of this year, in 2019,  
19 so that, when we come back with more firm numbers on 2019,  
20 hopefully we'll have had that meeting by then, and then we're  
21 anticipating -- I think they told us the comment period  
22 potentially ends after our January meeting, and so we'll try to  
23 -- It will be in the next 2020 budget cycle, and so we have very  
24 little time to comment, but we're trying to squeeze that meeting  
25 in, one at the end of this year and then early next year.  
26

27 **CHAIRMAN SPRAGGINS:** Okay. Is there any other comments, any  
28 other questions? Yes, sir.  
29

30 **MR. ED SWINDELL:** I am looking at your fringe benefits account,  
31 and I look at the annual leave account, and you spent -- You are  
32 expecting to spend \$163,500 this year? I am sorry, Mr.  
33 Chairman, and I'm not on your committee, but I just would rather  
34 take this up now, rather than at the Full Council meeting.  
35

36 Also, you then go on with very little in the annual leave, and  
37 also the sick leave, and why would you have any additional money  
38 in the sick leave account at all? It seems to me like sick  
39 leave -- You are still going to be paying people, and it's going  
40 to come out of their pay anyway. I mean, you're still going to  
41 be paying it.  
42

43 **CHAIRMAN SPRAGGINS:** Dr. Simmons.  
44

45 **MS. HAGER:** The \$163,000 is actually just to fund the account.  
46 We don't liquidate those funds until they are used. The  
47 \$163,000 is based on all of our current staff's actual accrued  
48 vacation leave, and so, if everyone were to leave at the same

1 time, or we were suddenly to be unfunded, we could pay them out  
2 their leave balance, and that's what it states in Magnuson, that  
3 we have these accounts established for that.

4  
5 The sick leave account is for retirement. The reason why we  
6 have small amounts projected at this point in the five-year  
7 budget is because that's based on the new hires at that time and  
8 what they would potentially be accruing then, because we're  
9 going to be fully funding it right now, and that's going to go  
10 up and down. It always changes annually, and that's why we  
11 reevaluate it at the end of each year, and then at the end of  
12 the award period, and, historically, at the end of the five-year  
13 award period, that's when we do try and fund it up as much as  
14 possible.

15  
16 Now, we just recently had several staff people retire, but one  
17 staff person that's in retirement -- When he's in his retirement  
18 status, he is being paid out of that leave account, which is why  
19 we're suggesting re-funding it back up with the whole \$163,000  
20 at this time. Does that answer your -- Does that clarify it at  
21 all?

22  
23 **CHAIRMAN SPRAGGINS:** Yes, sir.

24  
25 **MR. SWINDELL:** Well, I don't clearly understand it, because  
26 annual leave account -- I just don't understand it. To me, an  
27 annual leave is where you're paying somebody in addition to  
28 their normal salary that you already have in the plan.

29  
30 **MS. HAGER:** No, sir. That's not how we use that account. We  
31 can't use it that way. It's for leave that they have earned and  
32 have not used or spent or been paid out.

33  
34 **MR. SWINDELL:** Okay. Thank you.

35  
36 **CHAIRMAN SPRAGGINS:** Okay. Any other questions?

37  
38 **DR. FRAZER:** Again, with regard to the fringe benefits, I'm just  
39 thinking about -- I appreciate that the healthcare costs are  
40 probably going to increase, but I'm just trying to figure out  
41 what guidance that you got when you were projecting these out to  
42 anticipate how to do that, for my own -- I just want to know.

43  
44 **EXECUTIVE DIRECTOR SIMMONS:** I will try to answer that. We got  
45 very little guidance. The guidance we received was the entire  
46 budget should be within the 5 to 10 percent increase annually,  
47 and so, right now, Beth is telling me that our average is 5.7  
48 percent after 2020.

1  
2 **DR. FRAZER:** I mean, that's fine. I am just -- I realize that  
3 sometimes those increases can be much more than 5 percent.

4  
5 **MS. HAGER:** What we're talking about here is we need to probably  
6 look at a little higher level. When we're talking about fringe  
7 benefits, all of that is one category to NOAA, which is why,  
8 annually, we review those with the council. If our health  
9 insurance doesn't go up that much, of course we wouldn't have  
10 that in there, but, if we wind up needing more in the leave  
11 account, that's within the council's discretion to adjust that  
12 on the annual budgets going forward.

13  
14 That's also -- I mean, from 2017 to 2018, our health insurance  
15 did increase that much. If it increases so much under the out  
16 years, we might have to get very creative in what we do with  
17 benefits for staff, but we just don't know, with the political  
18 situation and health benefits with small groups right now, and  
19 it's a really difficult target for five years out.

20  
21 **DR. FRAZER:** Thank you.

22  
23 **CHAIRMAN SPRAGGINS:** Okay. Any other questions? If not, I  
24 would like to, if I could, get a motion for approval for this,  
25 for them to take this forward as a proposed funding request.  
26 Could I get a -- Dr. Shipp.

27  
28 **DR. SHIPP:** I so move.

29  
30 **CHAIRMAN SPRAGGINS:** Do I have a second? Second by Ms. Guyas.  
31 All right. Any discussion? **All in favor say aye; any opposed.**  
32 **Okay.** All right. That gets us down to one thing. Do we have  
33 any other items that we need to discuss? If not, that is our  
34 committee.

35  
36 (Whereupon, the meeting adjourned on August 12, 2019.)

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38 - - -