GULF OF MEXICO FISHERY MANAGEMENT COUNCIL

ADMINISTRATIVE/BUDGET COMMITTEE

Hyatt Centric French Quarter New Orleans, Louisiana

AUGUST 12, 2019

VOTING MEMBERS
Joe Spraggins........................................Mississippi
Susan Boggs...........................................Alabama
Martha Guyas (designee for Jessica McCawley)..........Florida
Lance Robinson (designee for Robin Riechers)............Texas
Chris Schieble (designee for Patrick Banks)..............Louisiana
Bob Shipp...........................................`Alabama

NON-VOTING MEMBERS
Kevin Anson (designee for Scott Bannon)..................Alabama
Leann Bosarge......................................Mississippi
Roy Crabtree........................................NMFS
Dale Diaz............................................Mississippi
Dave Donaldson.....................................GSMFC
Jonathan Dugas.....................................Louisiana
Phil Dyskow..........................................Florida
Tom Frazer..........................................Florida
John Sanchez.......................................Florida
Greg Stunz..........................................Texas
Ed Swindell.........................................Louisiana
Lt. Mark Zanowicz...................................USCG

STAFF
Matt Freeman........................................Economist
John Froeschke....................................Deputy Director
Beth Hager..........................................Administrative Officer
Lisa Hollensead....................................Fishery Biologist
Mara Levy..........................................NOAA General Counsel
Natasha Mendez-Ferrer..............................Fishery Biologist
Emily Muehlestein................................Public Information Officer
Kathy Pereira.................................Meeting Planner – Travel Coordinator
Ryan Rindone....................................Fishery Biologist & SEDAR Liaison
Bernadine Roy.....................................Office Manager
Carrie Simmons.......................................Executive Director

OTHER PARTICIPANTS
Ryan Bradley..................Mississippi Commercial Fisheries United, MS
Eric Brazer........................Shareholders Alliance
Chester Brewer.................................SAFMC
Glen Brooks........................................
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<td>MDMR, Biloxi, MS</td>
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The Administrative/Budget Committee of the Gulf of Mexico Fishery Management Council convened at the Hyatt Centric French Quarter, New Orleans, Louisiana, Monday morning, August 12, 2019, and was called to order by Chairman Joe Spraggins.

ADOPTION OF AGENDA
APPROVAL OF MINUTES
ACTION GUIDE AND NEXT STEPS

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

MS. SUSAN BOGGS: So moved.

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

DR. BOB SHIPP: Second.

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

MS. BOGGS: So moved.

DR. SHIPP: Second.

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

2017-2019 AUDIT REPORT

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

Let’s start with Tab G, Number 4, and it’s the 2017-2018 Audit Report. We have a biennial audit, and that was conducted, and
the exit interview was just completed on August 6 of 2019, and
the council members that were present for that exit interview
were Dr. Tom Frazer, Mr. Joe Spraggins, and Dr. Paul Mickle, and
the audit included three open federal contracts during this
cycle, and that would be our main award, our main admin award,
and then two coral reef conservation awards. The full report is
Tab G, Number 4, and I don’t know if we want to bring that up,
but folks can look at that as I’m going through it.

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

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

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

APPROVAL OF FINAL 2019 FUNDED BUDGET

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

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

I am going to go through Tab G, Number 5 with everybody, a
little bit in detail, so that we can see the line items and if
anybody has any questions.
Our first column in Tab G, Number 5 represents the administrative award expenditures to date, up to June 30, 2019, and the second column is the initial draft budget, based on our then estimated funding of $3,801,300. The last column is our proposed funded budget, including the additional $149,548 in funding that we received for 2019 activities.

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

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

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

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

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

Under the supplies line, it was increased to account for updating all the computers to Windows 10. Microsoft will no longer support Windows 7 after the beginning of the year, and most of our computers are still on that operating system.
Down in the contractual line, we are suggesting a one-time allocation to the five Gulf states and the Gulf States Marine Fisheries Commission for liaison activity. It’s $20,000 each, and that would bring the total additional to $120,000. Does anyone have any questions so far? If the committee agrees with the proposed funded 2019 budget, we would need a motion to recommend this to Full Council.

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

DR. SHIPP: So moved.

MS. MARTHA GUYAS: Second.

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

REVIEW OF 2015-2019 PROJECTED EXPENDITURES AND BUDGET CARRYOVER TO 2020

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

The previous motion should say the “2019 revised funded budget”.

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

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

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

MS. HAGER: I was going to carry them through this in a little bit of detail, but if --
CHAIRMAN SPRAGGINS: No, you go right ahead.

MS. HAGER: Okay. We’ll put up Tab G, Number 6.

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

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

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

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

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

MS. HAGER: The budget is activities driven, and so it’s all based on whether the activities were completed or not. Looking through this, we anticipate ending 2019 on target, but there were certain activities that were planned in the five year reward period which remain incomplete, and this is due in part to uncertain funding levels over the five-year cycle, and we have external agency delays.
We have also experienced several staffing changes, which made it difficult to keep all positions filled and to complete all the activities. Staff is developing this twelve-month extension request to complete all of the work that was originally planned.

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

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

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

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

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

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

MS. HAGER: Under the estimated obligations line, we say that
that includes the potential liaison funding right there.

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

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

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

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

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

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

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

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

This is just some general items that I wanted to bring to your attention, and hopefully you can see this on your computer
screen, because it’s pretty small up here, and so we have budgeted for a new staff member every year, and we have just put it in the budget for now.

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

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

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

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

Health costs, we budgeted an increase of an average of 15 percent per person, without taking into account changes in demographics over the five-year period, and so, of course, that’s going to fluctuate, based on the demographics of staff, and we feel this is likely an overestimate, but it’s not unreasonable, based on recent changes to health benefit premiums.
Obviously, as we continue moving forward and we get our annual budgets, we will have to look at these things on an annual basis, to really see how realistic this is, but, as a small group, less than twenty people, costs of healthcare are rising, and so we did include that in the budget.

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

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

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

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

CHAIRMAN SPRAGGINS: Okay. Yes, ma’am.

MS. GUYAS: I have one, and it’s from something you said about this current budget. We talked about meetings with the sanctuary, and I know like the Florida Keys plan is coming out shortly, and I assume those meeting are going to be either late
this fiscal year, or maybe next fiscal year, and I guess when
they start having workshops, and it sounds like there’s going to
be a lot. Are we planning to send people to those still, or is
it just more getting them here to present their plan?

CHAIRMAN SPRAGGINS: Yes, ma’am.

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

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

CHAIRMAN SPRAGGINS: Okay. Is there any other comments, any
other questions? Yes, sir.

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

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

CHAIRMAN SPRAGGINS: Dr. Simmons.

MS. HAGER: The $163,000 is actually just to fund the account.
We don’t liquidate those funds until they are used. The
$163,000 is based on all of our current staff’s actual accrued
vacation leave, and so, if everyone were to leave at the same
time, or we were suddenly to be unfunded, we could pay them out
their leave balance, and that’s what it states in Magnuson, that
we have these accounts established for that.

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

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

CHAIRMAN SPRAGGINS: Yes, sir.

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

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

MR. SWINDELL: Okay. Thank you.

CHAIRMAN SPRAGGINS: Okay. Any other questions?

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

EXECUTIVE DIRECTOR SIMMONS: I will try to answer that. We got
very little guidance. The guidance we received was the entire
budget should be within the 5 to 10 percent increase annually,
and so, right now, Beth is telling me that our average is 5.7
percent after 2020.
DR. FRAZER: I mean, that’s fine. I am just -- I realize that sometimes those increases can be much more than 5 percent.

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

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

DR. FRAZER: Thank you.

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

DR. SHIPP: I so move.

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

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