



7 March 2022

IPHC CIRCULAR 2022-006

SUBJECT: FOR DECISION – BUDGET ESTIMATES FY2023 (for approval)

Dear Commissioners,

In accordance with the IPHC Rules of Procedure (2022), Rule 11 – Decision Making (paragraphs 4-10) shown below, please find at **Appendix I** the Budget Estimates for FY2023 (for approval).

IPHC Rules of Procedure (2022)

Rule 11 – Decision making - Intersessional decision-making

4. *In case of the need for adoption of an emergency measure between Sessions, or where a decision needs to be taken intersessionally, the Chairperson may propose that a decision be taken by mail, telephone, or electronic communication.*
5. *When a decision is to be taken by electronic means, the Executive Director shall transmit the proposed decision to all Commissioners.*
6. *Commissioners shall promptly acknowledge receipt of any proposed decision by electronic means. If no acknowledgement is received from any particular Commissioner within one week of the date of transmittal, the Executive Director will retransmit the proposed decision, and will use all reasonable means to ensure that it has been received.*
7. *Members shall have **10 days** to respond, unless a longer period is specified by the Executive Director in the transmittal.*
8. *If no reply from a Commissioner reaches the Executive Director within the period established under [Rule 11.7](#), that decision shall be deferred to the next session of the Commission.*
9. *All inter-sessional decisions must be made by consensus.*
10. *The Executive Director shall promptly ascertain and transmit the decision to all Commissioners via an IPHC Circular. The date of that transmittal shall be the 'date of notification'. Such decisions shall be duly recorded in the Commission's records by the Executive Director. Copies of such decisions shall be published with unique Intersessional Decision (ID) numbering on the IPHC website, via an IPHC Circular.*

Appendix I provides:

- 1) the necessary background for the requested intersessional-decision;
- 2) the proposed income and expenditures for FY2023;
- 3) explanatory notes/details on amendments made to comply with the outcomes of SS012; and
- 4) other inbuilt savings and assumptions for FY2023.

Intersessional decision:

Please provide your decision on the FY2023 budget no later than 17 March 2022, in accordance with Rule 11.7 shown above.

I approve / I do not approve the recommendations as detailed in **Appendix I** of IPHC-2022-ID001, as follows:

That the Commission:

- 1) **NOTE** paper IPHC-2022-ID001 which provided revised budget estimates for FY2023 (1 October 2022 to 30 September 2023) for approval, noting the outcomes of the 12th Special Session of the Commission (SS012).
- 2) **ADOPT** the FY2023 budget (1 October 2022 to 30 September 2023), as detailed in Appendix I [*of IPHC-2022-ID001*], including the Contracting Party contributions to the General Fund as follows:
 - Canada: Contribution to the General Fund: **US\$900,407**
 - U.S.A.: Contribution to the General Fund: **US\$4,157,760**
- 3) **NOTED** the extra-budgetary (IFCP Fund deficit and Headquarters lease/maintenance) contributions from each Contracting Party for FY2023 as follows:
 - Canada:
 - 50% Contribution to the IFCP Fund deficit (former staff pension plan): **US\$127,848**
 - U.S.A.:
 - 50% Contribution to the IFCP Fund deficit (former staff pension plan): **US\$127,848**
 - Contribution to the headquarters building lease and maintenance costs: **US\$489,250**

Yours sincerely



David T. Wilson, Ph.D.
Executive Director, IPHC

Appendices:

Appendix I: IPHC-2022-ID001 – Budget estimates: FY2023 (for approval)



APPENDIX I

Budget Estimates: FY2023 (for approval)

PREPARED BY: IPHC SECRETARIAT (D. WILSON, 7 MARCH 2022)

PURPOSE

To provide the Commission with revised budget estimates for FY2023 (1 October 2022 to 30 September 2023) for approval, noting the outcomes of the 12th Special Session of the Commission (SS012).

BACKGROUND

Recalling that at the 12th Special Session of the Commission (SS012) ([IPHC-2022-SS012-R](#)):

(para. 4) “The Commission **NOTED** paper [IPHC-2022-SS012-03 Rev 1](#) which provided the Commission with revised budget estimates for FY2023 (1 October 2022 to 30 September 2023) (for approval).”

(para. 6) “The Commission **REQUESTED** that in accordance with the IPHC’s inter-sessional decision-making process (Rule 11, paragraphs 4-10 of the IPHC Rules of Procedure (2022)), a further hybrid option between Options 2 and 3 from [IPHC-2022-SS012-03 Rev 1](#), be provided to the Commission for consideration and potential adoption that incorporates the following elements:

- a) Contracting Party base contributions to remain at FY2021/FY2022 levels:
 - **Canada:** US\$900,407
 - **USA:** US\$4,157,760
- b) Budget reductions from the total operating expenses provided in Option 2 totaling approximately US\$75,000 (these should focus on reductions to Meetings and Conferences (electronic meetings for the Interim Meeting, MSAB in October 2022, and one electronic SRB meeting in 2023), Travel (COVID-19 savings or other as identified), Salaries and wages (as relates to a position that may become vacant in FY2023, and non-essential services where not fully cost recovered on a case-by-case basis); and
- c) An inter-fund transfer from 50-Reserve to 10-General, totaling the remaining budget shortfall of approximately US\$76,745. This component involves the utilization of the non-committed funds ‘carryover’ in the Reserve fund which stands at US\$1,476,626 (as of 1 October 2021).”

PROPOSED INCOME AND EXPENDITURES FOR THE FY2023 BUDGET (US\$)

Taking into account the request of the Commission from SS012 (see above), the IPHC financial budget for FY2023 is proposed at [Appendix I](#).

Base Contributions:

The base contributions for FY2023 would be frozen at the FY2021 and FY2022 levels for both Contracting Parties:

Canada: US\$900,407.00

USA: US\$4,157,760.00

A nominal ~1.5% increase (US\$76,745) in the general operating expenses would be accommodated via utilization of the current carryover in the Reserve fund which stands at US\$1,476,626 and is for usage solely within funds 10, 20 and 30.

50 Reserve Fund: US\$76,745

An inter-fund transfer from 50-Reserve to 10-General, totaling **US\$76,745** would be made to cover the nominal ~1.5% increase in expenditures.

Extra-budgetary contributions:

Headquarters Lease and Maintenance: The headquarters costs to the USA will be \$489,250 in FY2023 in accordance with the five-year building lease approved by the two Contracting Parties in 2020 and signed accordingly.

Deficit payments to the IFC Pension Fund: The extra-budgetary deficit payments to the IFC Pension Fund (closed in 2001 to new participants), remain at \$127,848 annually for each Contracting Party. This amount is based on a 10-year deficit payment schedule which is updated/recalculated every three years. The next review is scheduled to occur in 2023 for FY2024.

Explanatory notes/details

Total cost savings from the FY2023 budget proposed in Option 2 at SS012, as requested by the Commission (SS012-Req.02) = US\$75,000, as detailed below:

1) Account number 51300 – Meeting and Conference Expenses

- a. **Interim Meeting (IM):** Agreement to hold the IPHC Interim Meeting (November 2022) via electronic means. Action: remove **US\$14,000** from '*Meeting and Conference Expenses, Acc #51300*'.
- b. **Management Strategy Advisory Board (MSAB):** Agreement to hold the October 2022 (FY2023) MSAB meeting electronically. Action: remove **US\$30,000** from '*Meeting and Conference Expenses, Acc #51300*'.
- c. **Scientific Review Board (SRB):** Agreement to hold one (1) of the two (2) SRB meetings in FY2023 electronically. Action: remove **US\$4,500** from '*Meeting and Conference Expenses, Acc #51300*'.

2) Account number 51200 – Travel

- a. A reduction of corresponding to the IPHC Secretariat's estimated '*travel*' expenses to attend the Interim Meeting (note 1a above). These extend to taxi/uber fares, and applicable meals/incidentals for 1.5 days. Action: remove **US\$2,000** from '*Travel, Acc #51200*'.

3) Account number 50000 – Salaries and Wages

- a. Hold open any position that becomes vacant in FY2023 until there has been a cost saving of US\$18,300. Action: remove **US\$18,300** from '*Salaries and Wages, Acc #50000*'.

4) Account number 50100 – Benefits

- a. Noting the reduction in Salaries and Wages above, there would be a corresponding reduction in Benefits at the ratio of ~3:1. Reduce the Benefits accordingly. Action: remove **US\$6,200** from '*Benefits, Acc #50100*'.

Total reductions made to Option 2 from SS012: US\$75,000

Other inbuilt savings and assumptions for FY2023
(Options 1, 2 and 3 from SS012)

Should any of the below assumptions change, the Commission will need to revisit the overall operations and funding levels:

1) Staffing (key points of note):

- a. 5 Managerial staff (Executive Director, Assistant Director, and 3 Branch Managers). This assumption rolls over from FY2022 with 1 Branch Manager position (Finance and Personnel Services) being held vacant from the organisational structure for FY2022 and also FY2023. The Assistant Director will continue to cover this role and its responsibilities.
- b. Continue to hold vacant for FY2023, one position at an IPHC-GS-8/9 level within the Fisheries Data Services Branch (FDSB) at headquarters. This position was held vacant for FY2022 to accommodate the FY2022 budget freeze and will remain unfilled for FY2023.

2) Grant funding:

- a. 20 – Research: ~\$232K (in-line with recent years);
- b. 30 - Statistics: ~\$664K for FY2023 (return to pre-COVID-19 funding levels for the NOAA port-sampling grant).

3) Budget lines with an estimated 3% increase, but may be higher:

- a. Salaries and Wages: A 2.5% increase in salaries and wages is included in the budget estimate. The actual increase is not known until early each calendar year. In FY2022, the budgeted increase was 2.5%, while the actual increase was 3.21% (Ref. Executive Order 14061) and the Office of Personnel Management;
- b. Benefits, including '*Health care premiums*': Annual health care premiums continue to increase annually and are not controlled by the IPHC. For example, from 2021 to 2022, the Kaiser Permanente Access PPO Platinum composite rate for ages 21+ increased by ~4.7%, from \$712.58/mo, to \$746.00/mo. We have budgeted for a 3% increase in FY2023, however the rate may be higher. An additional variable is the number of dependents for each staff member. We budget for an employee, spouse and 1.5 dependent children;
- c. Retiree Medical Reimbursement: Medicare premiums and associated fees are expected to increase again for 2023. For 2022, the medical and medicare premiums increased by 5.11% for ages 55-65, and 4.25% for ages 65+, respectively. These are not under the control of the IPHC but are determined by our healthcare provider (Kaiser Permanente – medical premiums) and the

- US Social Security Administration (SSA) (for medicare);
- d. All other budget lines represent a nominal 3% increase from FY2022 levels to offset a forecasted inflation level of **2.3-3.3%**, noting that the actual level may be higher. As an example, in January 2022, the US inflation rate increased to **7.5%**, which was the highest level since 1982.

4) Budget lines with 0% increase (frozen):

- a. Scholarship Awards: The award is fixed at \$4,000 per year, per student (2 students maximum in any given year).

Fund 40 - FISS: Income (and expenses) for the IPHC Fishery-Independent Setline Survey (FISS) are tentative as they are based on the design endorsed at the 97th Session of the IPHC Interim Meeting (IM097) in November 2022. Contracting Party contributions are not allocated to 40 – FISS, and the Commission will revisit the FISS design for 2023 in late 2022 and again at AM099 in January of 2023. Any resulting modifications will result in amendments to the 2023 FISS budget.

RECOMMENDATION/S

That the Commission:

- 1) **NOTE** paper IPHC-2022-ID001 which provided revised budget estimates for FY2023 (1 October 2022 to 30 September 2023) for approval, noting the outcomes of the 12th Special Session of the Commission (SS012).
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 - U.S.A.:
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 - Contribution to the headquarters building lease and maintenance costs: **US\$489,250**

APPENDICES

[Appendix I:](#) FY2023 Financial Budget: for approval

Appendix I FY2023 Financial Budget (for adoption)

Account Number	Account Name	10 - General	20 - Research	30 - Statistics	10,20,30 - TOTAL	40 - FISS	10,20,30, 40 - TOTAL
		FY2023	FY2023	FY2023	FY2023	FY2023	FY2023
Income							
40000	Contracting Party Contributions						
40000.01	Canada	\$ -	\$ -	\$ -	\$ 900,407.00	\$ -	\$ 900,407.00
40000.02	United States of America	\$ -	\$ -	\$ -	\$ 4,157,760.00	\$ -	\$ 4,157,760.00
	Total 40000 - Contracting Party Contributions	\$ 2,953,585.20	\$ 912,193.00	\$ 1,192,388.80	\$ 5,058,167.00	\$ -	\$ 5,058,167.00
40055	Headquarters (Lease & Maintenance)	\$ 489,250.00	\$ -	\$ -	\$ 489,250.00	\$ -	\$ 489,250.00
40060	Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40100	Grants, Contracts & Agreements	\$ -	\$ 232,140.37	\$ 664,458.64	\$ 896,599.01	\$ 34,289.00	\$ 930,888.01
40200	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40200.01	Bank Interest	\$ 772.50	\$ -	\$ -	\$ 772.50	\$ -	\$ 772.50
40200.02	CD Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total - Other Income	\$ 490,022.50	\$ 232,140.37	\$ 664,458.64	\$ 1,386,621.51	\$ 34,289.00	\$ 1,420,910.51
40350	Fish Sales						
40350.01	Fish Sales - Pacific Halibut	\$ -	\$ -	\$ -	\$ -	\$ 4,886,450.04	\$ 4,886,450.04
40350.02	Fish Sales - Byproduct	\$ -	\$ -	\$ -	\$ -	\$ 60,564.00	\$ 60,564.00
	Total 40350 - Fish Sales	\$ -	\$ -	\$ -	\$ -	\$ 4,947,014.04	\$ 4,947,014.04
	Total Income	\$ 3,443,607.70	\$ 1,144,333.37	\$ 1,856,847.44	\$ 6,444,788.51	\$ 4,981,303.04	\$ 11,426,091.55
Expense							
Personnel Expenses							
50000	Salaries & Wages	\$ 1,857,345.50	\$ 667,739.10	\$ 1,269,265.54	\$ 3,794,350.14	\$ 1,056,809.36	\$ 4,851,159.50
50100	Benefits	\$ 652,394.56	\$ 244,966.27	\$ 461,888.94	\$ 1,359,249.77	\$ 289,124.08	\$ 1,648,373.85
50100.09	Medical Reimbursement - Retiree	\$ 93,263.37	\$ -	\$ -	\$ 93,263.37	\$ -	\$ 93,263.37
50200	Training & Education	\$ 36,050.00	\$ 18,477.00	\$ 21,630.00	\$ 76,157.00	\$ 56,238.00	\$ 132,395.00
50300	Personnel Related Expenses	\$ 5,665.00	\$ -	\$ 10,300.00	\$ 15,965.00	\$ 37,467.28	\$ 53,432.28
50300.01	Scholarship Awards	\$ 8,000.00	\$ -	\$ -	\$ 8,000.00	\$ -	\$ 8,000.00
	Total Personnel Expenses	\$ 2,652,718.43	\$ 931,182.37	\$ 1,763,084.48	\$ 5,346,985.28	\$ 1,439,638.72	\$ 6,786,624.00
Operational Expenses							
51000	Publications	\$ 5,150.00	\$ 7,500.00	\$ 9,270.00	\$ 21,920.00	\$ -	\$ 21,920.00
51100	Mailing and Shipping	\$ 6,180.00	\$ 7,000.00	\$ 5,150.00	\$ 18,330.00	\$ 128,750.00	\$ 147,080.00
51200	Travel	\$ 90,700.00	\$ 14,825.00	\$ 20,600.00	\$ 126,125.00	\$ 121,041.48	\$ 247,166.48
51300	Meeting and Conference Expenses	\$ 121,500.00	\$ -	\$ -	\$ 121,500.00	\$ -	\$ 121,500.00
51400	Technology	\$ 139,050.00	\$ -	\$ 2,163.00	\$ 141,213.00	\$ -	\$ 141,213.00
	Total Operational Expenses	\$ 362,580.00	\$ 29,325.00	\$ 37,183.00	\$ 429,088.00	\$ 249,791.48	\$ 678,879.48
Fees and Contract Expenses							
52000	Professional Fees	\$ 226,600.00	\$ -	\$ 1,458.48	\$ 228,058.48	\$ -	\$ 228,058.48
52200	Other Fees and Charges	\$ 51,500.00	\$ -	\$ -	\$ 51,500.00	\$ 10,300.00	\$ 61,800.00
52300	Leases and Contracts	\$ 25,750.00	\$ 39,019.00	\$ 36,050.00	\$ 100,819.00	\$ 1,996,487.11	\$ 2,097,306.11
54000	Communications	\$ 30,900.00	\$ -	\$ 3,605.00	\$ 34,505.00	\$ 20,600.00	\$ 55,105.00
	Total Fees and Contract Expenses	\$ 334,750.00	\$ 39,019.00	\$ 41,113.48	\$ 414,882.48	\$ 2,027,387.11	\$ 2,442,269.59
Facilities and Equipment Expenses							
53000	Equipment Expense	\$ 20,600.00	\$ -	\$ 4,120.00	\$ 24,720.00	\$ 15,450.00	\$ 40,170.00
53100	Supplies Expense	\$ 25,750.00	\$ 144,807.00	\$ 2,678.00	\$ 173,235.00	\$ 772,500.00	\$ 945,735.00
53200	Maintenance and Utilities	\$ 113,300.00	\$ -	\$ 2,488.48	\$ 115,788.48	\$ 10,300.00	\$ 126,088.48
53300	Facility Rentals	\$ 463,500.00	\$ -	\$ 6,180.00	\$ 469,680.00	\$ 13,390.00	\$ 483,070.00
	Total Facilities and Equipment Expenses	\$ 623,150.00	\$ 144,807.00	\$ 15,466.48	\$ 783,423.48	\$ 811,640.00	\$ 1,595,063.48
Other Expenses							
55000	Budget Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Expense	\$ 3,973,198.43	\$ 1,144,333.37	\$ 1,856,847.44	\$ 6,974,379.24	\$ 4,528,457.31	\$ 11,502,836.55
	FISS cost-recovery (10% overhead)	\$ (452,845.73)	\$ -	\$ -	\$ (452,845.73)	\$ 452,845.73	\$ -
	Net Income (Loss)	\$ (76,745.00)	\$ 0.00	\$ 0.00	\$ (76,745.00)	\$ 0.00	\$ (76,745.00)
	50 - Reserve (Fund transfer)	\$ 76,745.00	\$ -	\$ -	\$ 76,745.00	\$ -	\$ 76,745.00
60 - IFCPF Deficit							
40050	IFC Pension						
40050.01	IFC Pension - Canada	\$ 127,848.00	\$ -	\$ -	\$ 127,848.00	\$ -	\$ 127,848.00
40050.02	IFC Pension - United States of America	\$ 127,848.00	\$ -	\$ -	\$ 127,848.00	\$ -	\$ 127,848.00
	Total 40050 - IFC Pension	\$ 255,696.00	\$ -	\$ -	\$ 255,696.00	\$ -	\$ 255,696.00