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|  | **Document CWG-FHR-21/20** |
| **27 August 2025** |
| **English only** |
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| Contribution by the United States of America | |
| CONSIDERATIONS REGARDING SATELLITE FILING COST RECOVERY | |
| **Purpose**  This contribution responds to the instructions of Council-25 with respect to Decision 482 (Mod. 2025) for the Council Working Group on financial and human resources to examine the definitions of direct and indirect costs for satellite network filing cost recovery. The United States proposes initial considerations for CWG-FHR as it develops a general model for indirect cost determinations and considers how this is applied to satellite network filing cost recovery.  **Action required**  The Council Working Group on financial and human resources (CWG-FHR) is invited to **consider** this document and **take action** as necessary.  \_\_\_\_\_\_\_\_\_\_\_  **References**  [*Resolution 91(Rev. Guadalajara, 2010)*](https://www.itu.int/en/council/Documents/basic-texts-2023/RES-091-E.pdf) *of the Plenipotentiary Conference;* [*Council Decision 482 (Mod. 2025)*](https://www.itu.int/md/S25-CL-C-0125/en)*; Council document* [*C25/64*](https://www.itu.int/md/S25-CL-C-0064/en)*;* | |

**Introduction**

The United States thanks the Expert Group on Decision 482 (EG-DEC482) and Council for its update of Decision 482. The United States further recognizes the Council decision to set a maximum limit on the indirect costs to be recovered through satellite network filing fees at 19.15 percent of the direct costs incurred by BR during the 2026 and 2027 budget years, while instructing the Council Working Group on financial and human resources to take a number of follow-on actions. These include examining the current cost model in Decision 535, making clear the definition of the direct cost and indirect costs, consulting among Member States and Sector Members, and making recommendations to Council, including on the appropriate indirect cost model to be applicable to satellite network filings (SNFs).

The United States submits these follow-up considerations, taking account of indirect cost recovery models in other fields, providing additional considerations to adapt those models to the situation of the ITU generally, and satellite network filing cost recovery specifically, and proposing questions for consideration as CWG-FHR works towards a general methodology.

**Background**

The United States thanks the Secretariat for its proposal in Document [C25/64](https://www.itu.int/md/S25-CL-C-0064/en) that includes the categories to consider for inclusion in direct and indirect costs for SNF. The United States seeks additional detail from ITU on these proposed categories and the methodologies used for assessing direct and indirect costs relevant to satellite network cost recovery as we evaluate further refinement to those categories and the methodology for indirect costs.

We recall again that the Secretariat’s proposed indirect cost rate was based on benchmarking other organizations. While the ITU conceded that its initial proposed methodology resulted in fees that were inconsistent with these benchmarking targets, the contribution contained valuable elements for future evaluation of direct and indirect cost categories. The United States seeks further detail and transparency about these calculations to allow for CWG-FHR to determine the necessary refinements to the indirect and direct cost recovery definitions based on discussions at Council and taking account of the specific situation of satellite filing cost recovery.

**Indirect v. Direct Costs**

During Council 2025, the discussion on SNF indirect costs centred around creating a transparent process for determining indirect cost recovery.  It was generally recognized that some costs beyond direct costs could be recovered through SNF fees. The Secretariat originally defined indirect costs to include information technology (IT) support, facilities and utilities, human resources, finance and legal services, and administrative overhead.  All of these ITU service areas, which are also dedicated to other functions, may touch on aspects of SNFs to support the personnel directly working on the filings.  For example, human resources, may need to provide hiring assistance for new SNF personnel, as well as ongoing benefits support for dedicated SNF personnel.  Some of this work could be partially attributable to SNF in appropriate way, but also may be difficult to quantify.  Similarly, SNF may raise questions that need only periodic legal review, or accounting may need to provide intermittent billing services.

Where the total indirect cost resource pool includes centralized administrative costs (personnel and benefits noted above for HR, IT, procurement, legal, etc) and related facilities, and the Direct Cost Base includes salaries, benefits, materials, supplies, services and travel.  The cost for facilities and personnel should be reasonably allocated to the activities (e.g., SNF) they support (e.g, based on square footage or number of personnel working on the fee-based projects).  Thus, not all legal staff would be allocated to SNF, just those who routinely answer inquiries or review functions based on time associated with the specific category of task.

The United States seeks additional clarification on how ITU calculates these costs and determines the possible attribution to satellite filing cost recovery, including for some costs that may only be ad hoc or periodic.

To that end, it is important to also understand how the ITU assesses indirect cost recovery for other goods and services provided by ITU, taking account of Resolution 91. We further recognize that ITU indicated that ongoing financial and organizational reforms would support increased efficiencies and cost reductions related to provision of satellite cost recovery services. The United States welcomes the proposed initiatives to continue working towards process and organizational improvements and improved technological tools to support ITU’s delivery of critical services for membership. The ITU should continue to explore these operational efficiencies, expense reductions, and budget restructuring as alternative measures instead of relying solely on increased satellite cost recovery fees. Financial sustainability can be achieved through balanced approaches that benefits the entire Union.

**Questions for the Secretariat**

* What options are available for staff time tracking mechanisms to support appropriate costs allocation of staff time? What are the barriers to implementing such a mechanism? How would this relate to the time allocation survey mentioned in Decision 535?
* What salaries and expenses are included in the Table 2, Document C25/016? Provide a detailed breakdown.
* When initially calculating proposed indirect cost recovery fees, how does ITU assess the indirect costs associated with satellite network filing fees?
* What additional efficiencies is the Secretariat undertaking in order to support reduction of costs associated with efficient processing of satellite cost recovery filing? How can CWG-FHR support these efficiencies?

**Additional considerations**

The United States recalls differing views during Council-25 regarding the extent to which indirect fees are appropriate for satellite filing cost recovery and consistent with Resolution 91. Resolution 91 guides the application of cost recovery in the ITU for some products and services. It also includes language that recognizes the need for limits to ensure reasonable levels of allocations of indirect costs. It also notes that several factors should be taken into account, including when a product or service is provided for the benefit of a limited number of Member States or Sector Members.

The United States reiterates its view that one of the ITU’s core functions is the registration of radio frequency assignments and of associated orbital positions. Its performance of this role benefits all ITU Member States and directly enables ITU Member States' application of the ITU’s Radio Regulations. While it has been recognized as appropriate that ITU could collect fees for the direct costs associated with processing satellite filings per se, it is less clear that it would be appropriate for Council to act to extend this fee regime to include all indirect costs across the General Secretariat, given the direct benefit for the wider ITU membership.

In fact, since the original adoption of Resolution 91 and the establishment of Council Decision 482, the number of Member States that submit filings and participate in satellite communications has dramatically expanded, reinforcing that this service is a benefit to not a small subset of members, but the ITU membership as a whole.

In addition, in crafting the current satellite filing fee regime, it should be taken into account that the ITU has endorsed entitlements of free filings in certain instances as a benefit to the Union. These filings have a significant cost and should be assessed as a part of the next steps in considering the indirect costs of satellite filings.

**Questions for the Secretariat**

* What is the estimated amount of cost associated with processing free filings annually, updating Table 1 (C23/16)?  What factors did the Secretariat include in that estimate? How does the ITU account for this time when evaluating direct or indirect cost recovery for satellite network filings?
* Are there other categories of goods and services provided by the ITU where ITU has applied or might apply cost recovery pursuant to Resolution 91? Has this been taken into account in the ongoing ITU financial reforms and revenue generation exercises?

**Conclusion**

With this additional detail, CWG-FHR should be better equipped to assess and establish a more appropriate and transparent indirect cost rate to recommend to Council. This work could also inform subsequent discussions leading to the Plenipotentiary Conference and the update of the Strategic and Financial Plans 2028-2031 and potentially Resolution 91.

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