

**I C A N N**

**COMMUNITY FORUM**

**58**

**COPENHAGEN**

11-16 March 2017

**BUDGET WORKING GROUP**

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# 1. Introduction

# 1.1. Purpose, Approach and Desired Outcomes

1

## Purpose

Community feedback and input on:

- Draft FY18 OP&B and 5-Yr Op Plan Update
- FY19 Planning Process
- Increasing community involvement in planning process

2

## Approach

- Interactive discussion with constructive input, comments, criticism, proposals, etc.
- Open format with Q&A throughout
- Timing of ICANN58: FY18 draft documents published, early preparation for FY19

3

## Desired outcomes

- Feedback on the draft FY18 OP&B, particularly funding
- Proposed FY19 planning process with a list of recommendations to ICANN
- Deepened mutual understanding and engagement between community and staff and guidance on increasing engagement



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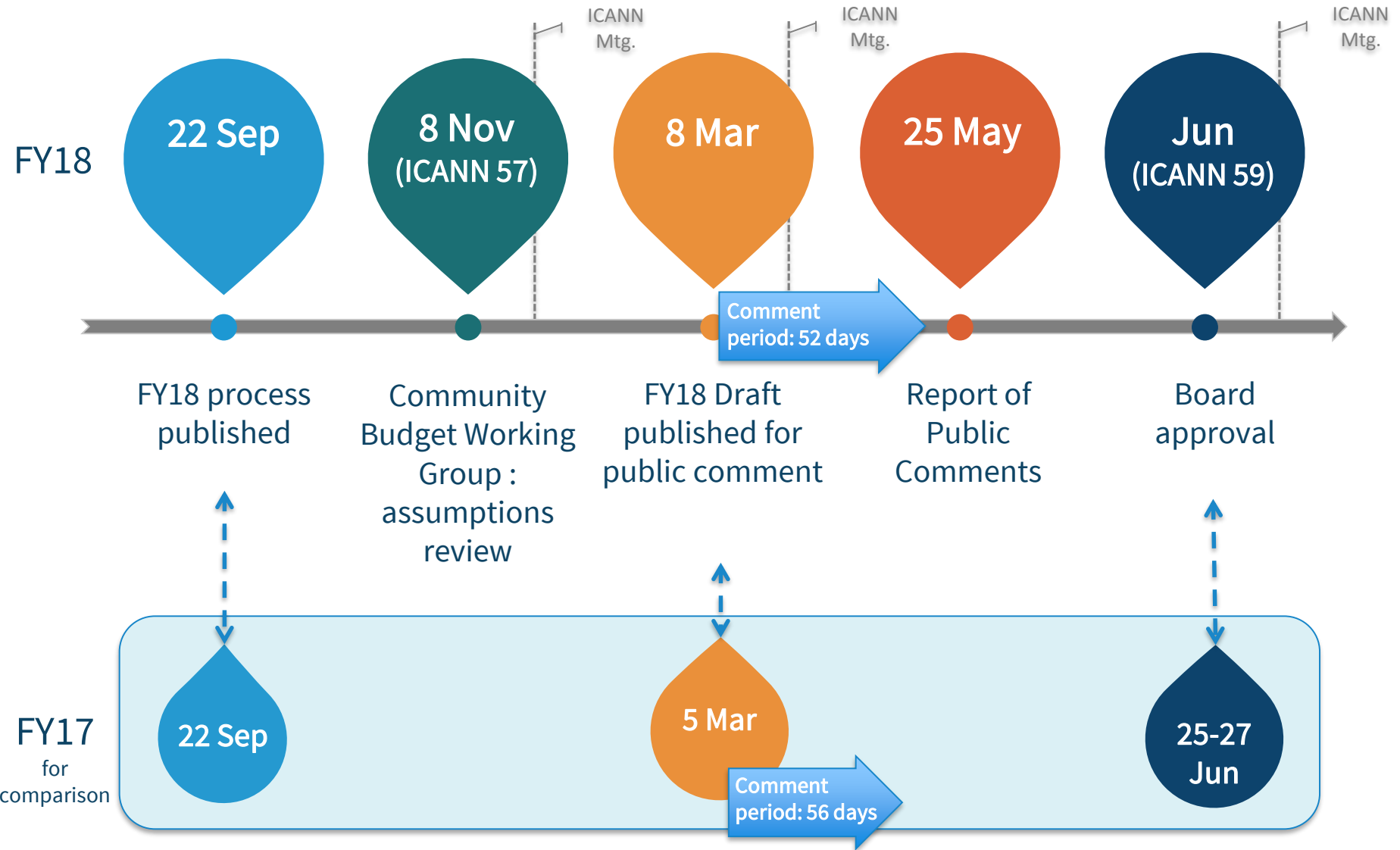
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# 2. 5-Year Operating Plan Update and FY18 Operating Plan and Budget

# 2.1. FY18 Planning Process Overview, Timeline and Status



## 2.2. 5YOPU FY17 → FY18 Types of Changes

1

### Strategic Plan

Objectives and Goals are defined in the Strategic Plan and remain unchanged

4

### Dependencies

Dependencies updated to reflect completed work, events that have happened, and arising situations

2

### Portfolios

Portfolios updated to reflect work that will be completed in FY17, work to be started in FY18, and refinements to work that will continue. This includes moving portfolios between goals following organizational changes.

5

### Phasing

Phasing updated based on planned progress for FY17 and to give additional detail in FY18 and beyond

3

### KPIs

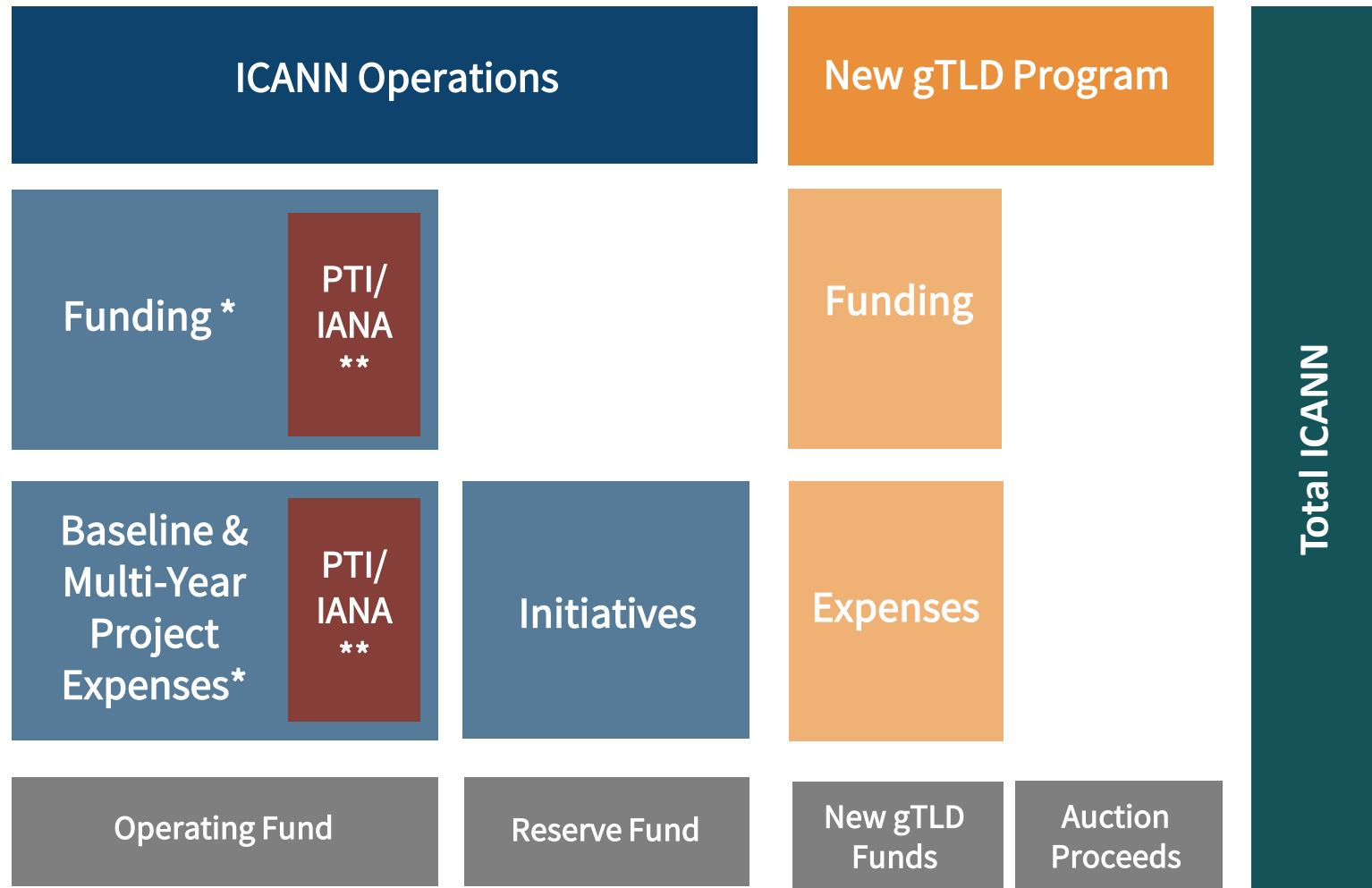
KPIs updated to reflect refinements in measurements based on a better understanding of success

### Three high profile updates:

- PTI op plan incorporated into total ICANN op plan
- No IANA Stewardship Transition
- Reviews incorporated into Bylaws. Now called Specific Reviews.



## 2.3. ICANN Org. Financial Reporting Structure



\* Excludes depreciation and bad debt expenses

\*\* IANA Services includes ICANN's and PTI's IANA Expenses

# 2.4. Draft FY18 ICANN Ops Op Plan & Budget Highlights (1 of 2)

1

## **FY18 Operating Plan**

- Year 3 of the 5-year Operating Plan.
- No major changes to baseline operations.
- IANA functions segregated in PTI.

2

## **FY18 Budget balanced**

- Funding of \$142.8m
- Baseline expenses of \$142.8m
- No initiatives funded from Reserve Fund

3

## **Funding increases at a slower rate**

- Funding forecast reaches \$142.8m, 5% above the FY17 forecast (\$135.9m).
- Slow down consistent with number of new TLDs in operations reaching its peak.

4

## **ICANN Operations baseline expenses**

- Baseline cash expenses of \$142.8M increase organically by about 5% (excl. contingency) over the FY17 forecast (\$130.4M), mainly driven by Personnel expenses.

## 2.4. ICANN Ops Draft FY18 Budget (2 of 2)

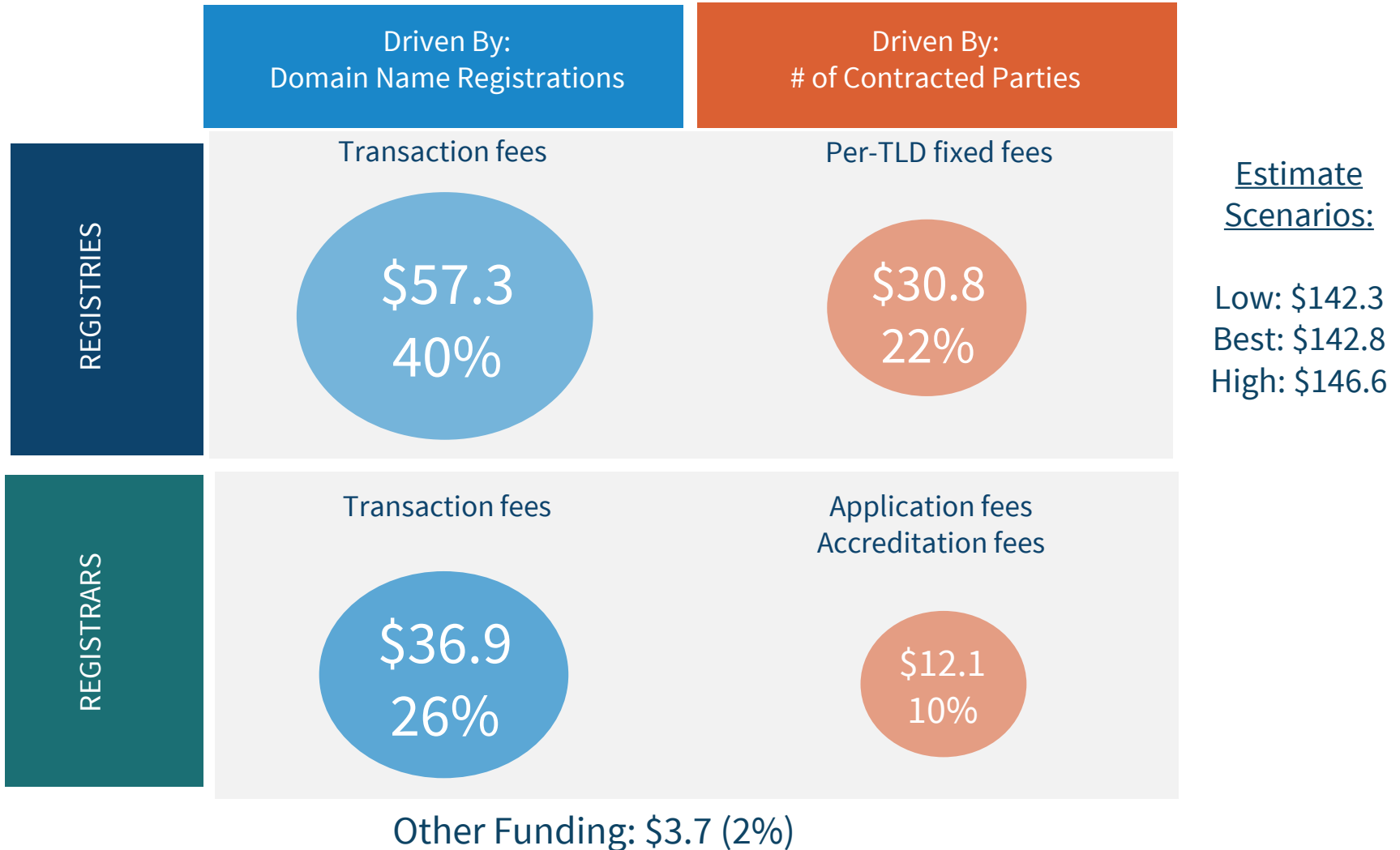
	Draft FY18 Budget	FY17 Forecast	Increase/ (Decrease)
<b>Funding</b>	\$ 142.8	\$ 135.9	\$ 6.9
<b>Baseline Cash Expenses</b>	-\$ 142.8	-\$ 130.4	\$ 12.5
<b>Excess/ (Deficit)</b>	\$ 0	\$ 5.5	(\$ 5.5)

## 2.5. ICANN Operations Funding



# 2.5. Draft ICANN Ops FY18 Funding - Overview

Total: \$142.8 (“Best estimate” scenario)



## 2.5. ICANN Ops Funding Assumptions (1 of 4)

	Funding Type	Best Estimate	High Estimate	Low Estimate
<b>Legacy TLDs</b>	Transaction-based fees	Assumes growth of transaction volume of 2.3% as per historical average.	Same as Best estimate	Growth of 1.5%
<b>New TLDs</b>	Fixed Fees	1,238 TLDs delegated assumed as of July 1, 2017 and 1,240 assumed delegated by June 31, 2018.	Same as Best estimate	Same as Best estimate
	Transaction-based fees	Transactions estimated using the per-TLD average number of transactions per month since delegation (average transactions during month 1, month 2,...) resulting in y/y transaction growth of 29.9%	Growth of 60.0% vs. 2017	Same as Best estimate

## 2.5. ICANN Ops Funding Assumptions (2 of 4)

	Funding Type	Best Estimate	High Estimate	Low Estimate
<b>Registrar Accreditation</b>	Application fees	The number of accredited registrars is maintained at current levels and increases based on pending applications and 15 each Quarter, 60 for the year	Same as Best estimate	Same as Best estimate
	Accreditation fees	The number of registrars is reduced by 250 each quarter after FY18Q1 as a measure to account for a possible decline in AfterMarket accreditations as per conservative future outlook.	The number of accredited registrars is maintained at current levels and increases based on pending applications and 15 each Quarter, 60 for the year	Same as Best estimate
	Per-registrar variable fee	Constant total of \$3.4m	Same as Best estimate	Same as Best estimate
<b>New gTLD Program</b>	Application fees Revenue	Portion of application fees recognized in Funding ratably based on evaluation expense incurred vs total evaluation expenses forecasted	Same as Best estimate	Same as Best estimate

## 2.5. ICANN Ops Funding Assumptions (3 of 4)

	FY18 Budget	FY17 Forecast	% Inc/ (Dec)
<b># of Transactions (in M)</b>	205.3	192.0	6.9%
Legacy gTLDs	163.6	159.9	2.3%
New gTLDs – Total	41.7	32.1	29.9%
New gTLDs - Billable	35.4	27.0	31.1%
<b># of Contracted Parties (as of end of year)</b>	3,503	4,249	-24.9%
Legacy gTLDs	22	22	0.0%
New gTLDs (delegated)	1,240	1,238	0.1%
Registrars	2,241	2,989	-25.0%



# 2.5. ICANN Ops Funding Assumptions (4 of 4)

In Millions, US dollars	FY 18 Best Estimate	FY17 Forecast	+Incr./-Decr.		FY18 Estimates	
				%	High	Low
<b>Transactions</b>						
Registry transaction fees - Legacy	\$ 48.4	\$ 46.4	\$ 2.0	4.3%	\$ 48.4	\$ 48.1
Registry transaction fees - New gTLD	8.9	6.1	2.7	44.9%	10.9	8.9
Registrar transaction fees - Legacy	29.4	27.8	1.6	5.9%	29.4	29.2
Registrar transaction fees- New gTLD	7.5	5.2	2.3	44.1%	9.2	7.5
<b>Sub-total</b>	<b>94.2</b>	<b>85.5</b>	<b>8.7</b>	<b>10.1%</b>	<b>98.0</b>	<b>93.7</b>
<i>Volume: legacy transactions (millions)</i>	163.6	159.9	3.7	2.3%	163.6	162.3
<i>Volume: New gTLD transactions (millions)</i>	41.7	32.1	9.6	29.9%	51.4	41.7
<b>Sub-total</b>	205.3	192.0	13.3	6.9%	214.9	204.0
<i>Volume: New gTLD billable transactions (millions)</i>	35.4	27.0	8.4	31.1%	43.7	35.4
<i>New gTLD Billable rate - average</i>	85.0%	84.2%	0.8%		85.0%	85.0%
<b>Registry Fixed Fees</b>	<b>30.8</b>	<b>30.0</b>	<b>0.8</b>	<b>2.8%</b>	<b>30.8</b>	<b>30.8</b>
<b>Registrars accreditation</b>						
Application fees	0.2	3.0	(2.8)	-93.0%	0.2	0.2
Accreditation fees - annual	10.5	10.3	0.2	1.9%	10.5	10.5
Per-registrar variable fees	3.4	3.4	-	0.0%	3.4	3.4
<b>Sub-total</b>	<b>14.1</b>	<b>16.7</b>	<b>(2.6)</b>	<b>-15.5%</b>	<b>14.1</b>	<b>14.1</b>
<i>Count of total Registrars - at end of year</i>	2,241	2,989	(748)	-25.0%	2,241	2,241
<i>Incr./Decr.) new Registrars - at end of year</i>	(748)	858	(1,606)	-187.2%	(748)	(748)
<b>Contributions</b>						
RIR	0.8	0.8	-	0.0%	0.8	0.8
ccTLD	2.1	2.1	-	0.0%	2.1	2.1
Meeting Sponsorships/other	0.8	0.8	-	0.0%	0.8	0.8
<b>Sub-total</b>	<b>3.7</b>	<b>3.7</b>	<b>-</b>	<b>0.0%</b>	<b>3.7</b>	<b>3.7</b>
<b>ICANN Ops Revenue</b>	<b>\$ 142.8</b>	<b>\$ 135.9</b>	<b>\$ 6.9</b>	<b>5.1%</b>	<b>\$ 146.6</b>	<b>\$ 142.3</b>

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

## 2.6. ICANN Operations Baseline Cash Expenses

# 2.6. ICANN Ops Expenses Overview (1 of 3)

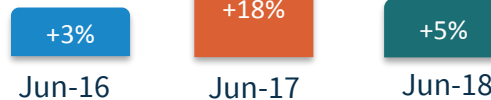
Annual Expenses = Baseline cash ICANN Ops expenses + IANA

1

Baseline cash expenses = Annual Funding

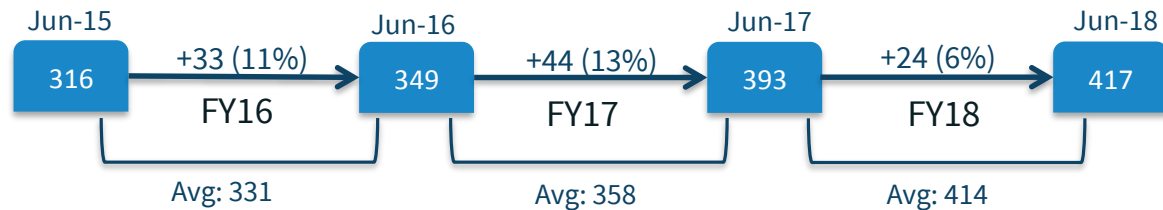
2

Baseline expenses growth slowing down



3

Slowdown of headcount growth in FY18



4

IANA Stewardship Transition concluding in FY17, including WS2.

## 2.6. ICANN Ops Draft FY18 Financial Overview (2 of 3)

in Millions, USD	FY18 Draft Budget			FY17 Forecast <sup>(1)</sup>			Increase/(Decrease) vs. FY17 Forecast			
	ICANN Ops	IANA	Total ICANN Ops	ICANN Ops	IANA	Total ICANN Ops	ICANN Ops	IANA	Total ICANN Ops	%
<b>Funding</b>	\$142.8	\$0.0	\$142.8	\$135.9	\$0.0	\$135.9	\$6.9	\$0.0	\$6.9	5.1%
Personnel	63.8	\$5.8	69.5	\$55.2	\$5.2	\$60.4	8.6	\$0.5	9.1	15%
Travel & Meetings	17.0	0.6	17.6	17.6	\$0.4	18.0	(0.6)	0.2	(0.4)	-2%
Professional Svcs.	26.1	1.5	27.6	25.9	1.3	27.2	0.1	0.2	0.4	1%
Administration <sup>(2)</sup>	17.1	1.6	18.7	15.3	1.7	17.0	1.8	(0.1)	1.7	10%
Capital	3.5	0.1	3.6	7.6	0.1	7.7	(4.1)	(0.0)	(4.1)	-53%
Contingency <sup>(3)</sup>	5.3	0.5	5.8	0.0	0.0	0.0	5.3	0.5	5.8	n/a
<b>Baseline Cash Expenses</b>	\$132.8	\$10.0	\$142.8	\$121.6	\$8.7	\$130.4	\$11.2	\$1.3	\$12.5	10%
<b>Increase/ (Decrease) to Net Assets</b>	\$10.0	(\$10.0)	\$0.0	\$14.3	(\$8.7)	\$5.5	(\$4.2)	(\$1.3)	(\$5.5)	-100%
<b>Average Headcount</b>	391.2	22.6	413.8	336.9	21.3	358.2	54.3	1.3	55.6	16%

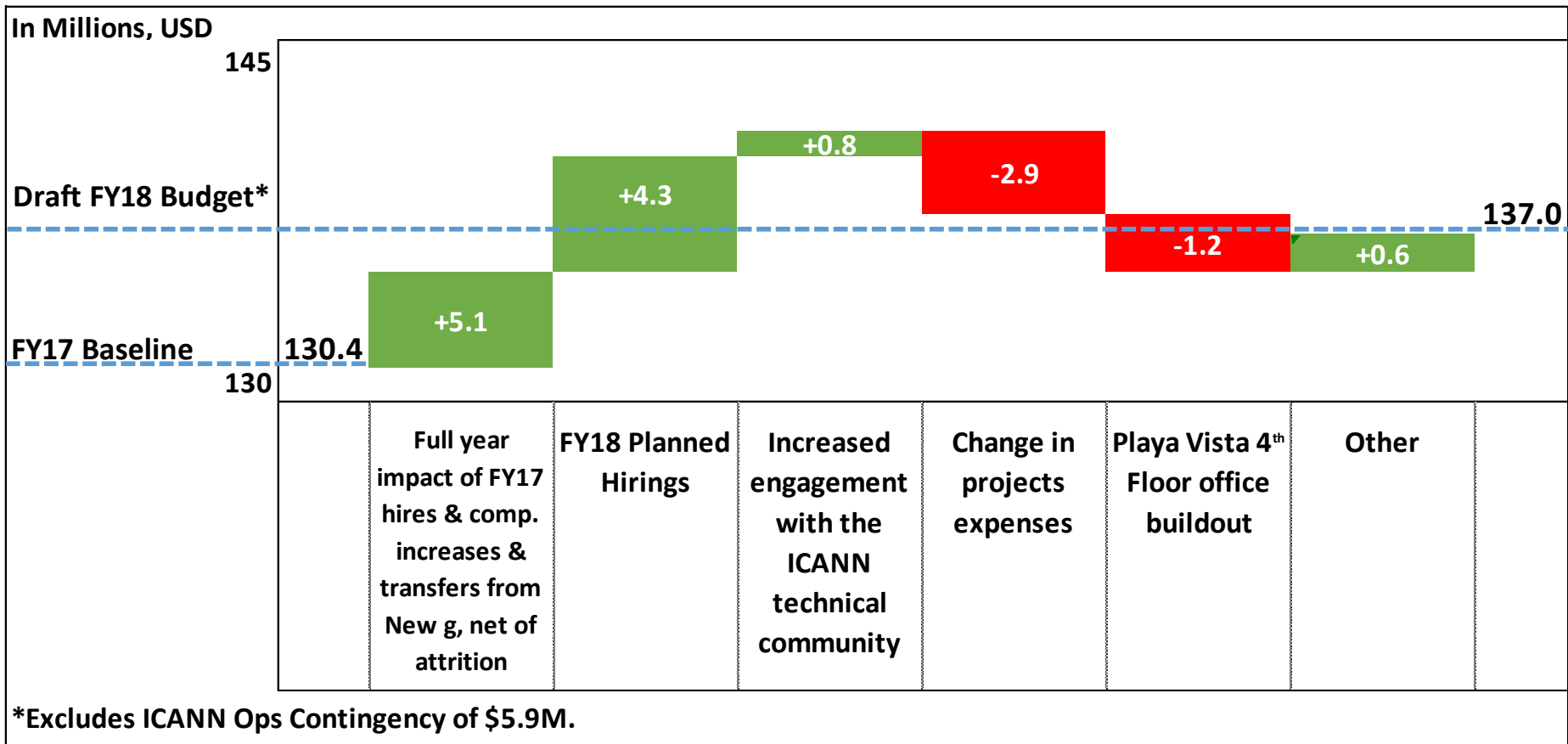
(1) FY17 Forecast excludes IANA Stewardship Transition travel and meetings, professional services, admin, and capital costs.

(2) ICANN Ops excludes Depreciation and Bad Debt of ~\$8M.

(3) FY17 activities covered by the contingency have been reported in the expense categories above based on the nature of the expense.



# 2.6. ICANN Ops Expenses Overview (3 of 3)



## 2.6. ICANN Ops Draft FY18 Headcount

in Millions, USD Executive Group	FY18 Draft Budget <sup>(1)</sup>		FY17 Forecast <sup>(2)</sup>		Increase/(Decrease)			
	EOP Hdct	Avg Hdct	EOP Hdct	Avg Hdct	EOY Hdct	%	Avg Hdct	%
DNS, GDD, IANA	99.0	98.5	88	72.5	11	13%	26.0	36%
Operations	17.0	17.0	17	9.9	-	0%	7.1	72%
Strategic Communications	26.0	26.0	26	25.2	-	0%	0.8	3%
Finance & Procurement and ERM	20.0	20.0	20	15.8	-	0%	4.2	26%
Technical Functions	19.0	18.0	17	14.6	2	12%	3.4	24%
GSE, Meetings Ops, DPRD	48.0	48.0	46	43.9	2	4%	4.1	9%
Contr. Compliance & Consumer Safeguards	29.0	29.0	26	26.2	3	12%	2.8	10%
Governance Support	20.0	19.0	17	16.2	3	18%	2.8	17%
Governmental & IGOs								
Engagement	8.0	8.0	7	7.0	1	14%	1.0	14%
Executive	3.0	3.0	3	3.0	-	0%	-	0%
Policy Dev Support and SO/AC								
Engagement	35.0	34.9	34	30.4	1	3%	4.5	15%
IT	66.0	66.0	61	59.9	5	8%	6.1	10%
Global Human Resources & Admin	22.0	21.7	21	19.6	1	5%	2.1	11%
MSSI	17.0	17.0	17	12.9	-	0%	4.1	31%
Ombudsman	1.0	1.0	1	1.0	-	0%	-	0%
New gTLD Allocations & Corporate (includes attrition)	(13.3)	(13.3)	-	-	(13)	0%	(13.3)	0%
	<b>417</b>	<b>413.8</b>	<b>401</b>	<b>358.2</b>	<b>16</b>	<b>4%</b>	<b>55.6</b>	<b>16%</b>

In millions, USD

## 2.6. Draft FY18 Baseline Cash Expenses R&Os

### Risks

- Possibility/ probability of carrying out “Unfunded Potential FY18 Activities.”
- Increasing urgency of large projects to be carried out.
- Potential impact of the bylaw-driven cycle of reviews both on Community and ICANN organization workload and bandwidth.
- WS2 Transition work expenses delayed to FY18.

### Opportunities

- Ability to prioritize the activities of the ICANN Community.
- Ability to reduce headcount growth as result of possible optimization of resources

## 2.6. PTI and IANA Budget

<b>FY18 IANA Budget in Millions, USD</b>		<b>IANA Services FY18 Budget</b>
PTI Operations		\$9.6
IANA Budget		
RZMA (Operating Expense)	(a)	\$0.3
Capital	(b)	\$0.1
<b>Subtotal</b>		<b>\$0.4</b>
<b>TOTAL IANA BUDGET</b>		<b>\$10.0</b>

(a) RZMA= Root Zone Maintainer Agreement for \$300K per Year. This is funded by ICANN Operations

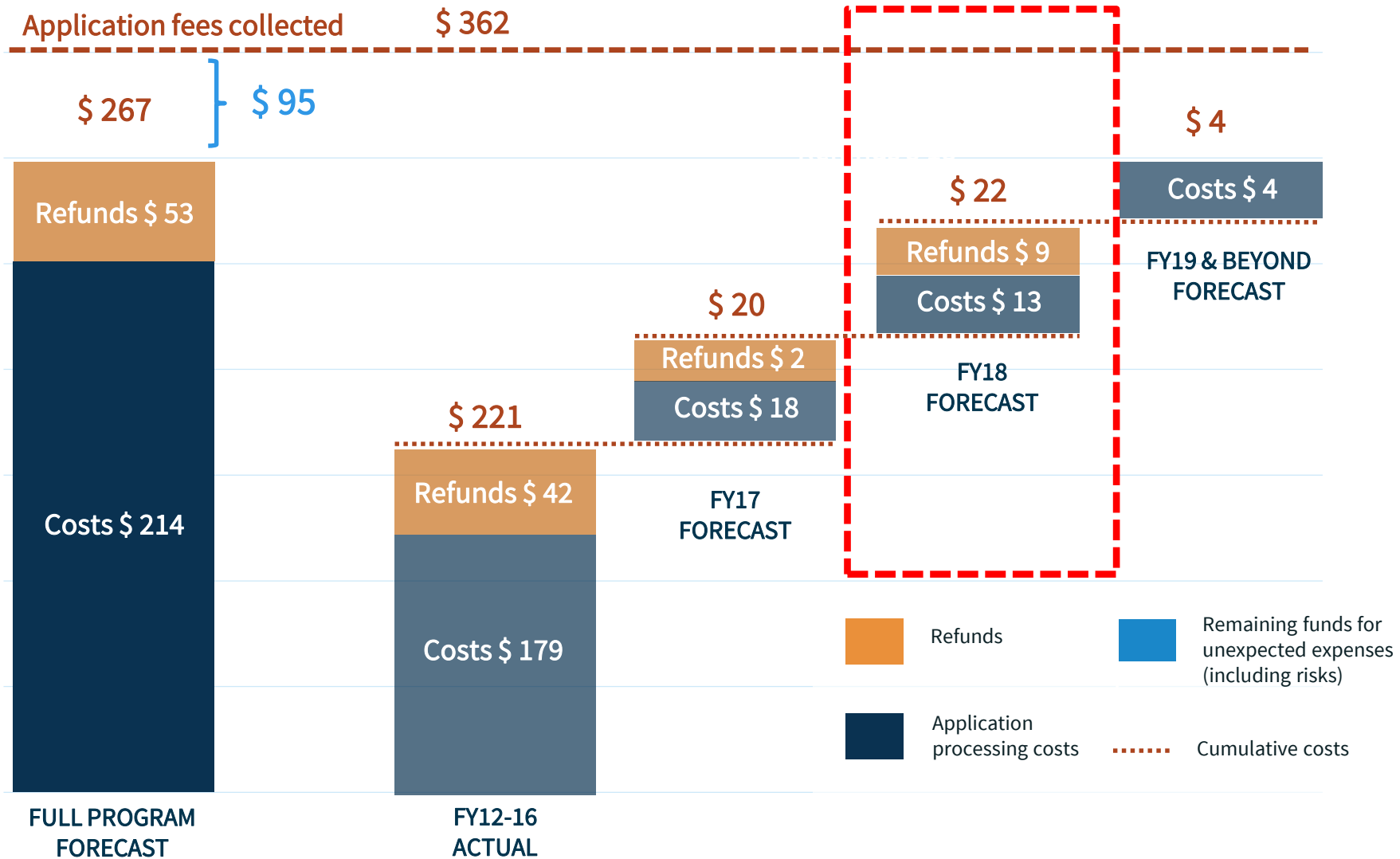
(b) Capital for IANA for IT systems maintenance

- PTI FY18 OP&B adopted by the PTI Board on 27 January 2017.
- ICANN received as input into the FY18 IANA Budget which is subject to the empowered community veto process
- The IANA Budget is included in the Caretaker Budget should a veto process be triggered



## 2.7. New gTLD Program Multiyear Forecast

# 2.7. New gTLD Program – Multi-year Forecast



## 2.8. Total ICANN Org.



# 2.8. Total ICANN Financial Overview

in Millions, USD	FY18 Draft Budget			FY17 Forecast <sup>(1)</sup>			Increase/(Decrease) vs. FY17 Forecast					
	Total ICANN Ops	New gTLD*	ICANN Org.	Total ICANN Ops	New gTLD*	ICANN Org.	Total ICANN Ops	%	New gTLD	%	ICANN Org.	%
<b>Funding</b>	<b>\$142.8</b>	<b>\$19.5</b>	<b>\$162.3</b>	<b>\$135.9</b>	<b>\$154.1</b>	<b>\$290.0</b>	<b>\$6.9</b>	<b>5.1%</b>	<b>(\$134.7)</b>	<b>-87.4%</b>	<b>(\$127.7)</b>	<b>-44.0%</b>
Personnel	69.5	\$2.5	72.0	\$60.4	\$4.6	\$65.0	9.1	15%	(\$2.1)	-45%	7.1	11%
Travel & Meetings	17.6	0.7	18.3	18.0	\$1.0	19.0	(0.4)	-2%	(0.3)	-32%	(0.7)	-4%
Professional Svcs.	27.6	7.0	34.6	27.2	11.4	38.6	0.4	1%	(4.4)	-39%	(4.0)	-10%
Administration <sup>(2)</sup>	18.7	0.7	19.3	17.0	1.1	18.1	1.7	10%	(0.4)	-37%	1.3	7%
Capital	3.6	0.0	3.6	7.7	0.0	7.7	(4.1)	-53%	0.0	n/a	(4.1)	-53%
Contingency <sup>(3)</sup>	5.8	0.0	5.8	0.0	0.0	0.0	5.8	n/a	0.0	n/a	5.8	n/a
<b>Baseline Cash Expenses</b>	<b>\$142.8</b>	<b>\$10.9</b>	<b>\$153.7</b>	<b>\$130.4</b>	<b>\$18.0</b>	<b>\$148.3</b>	<b>\$12.5</b>	<b>10%</b>	<b>(\$7.1)</b>	<b>-40%</b>	<b>\$5.3</b>	<b>4%</b>
<b>Increase/ (Decrease) to Net Assets</b>	<b>\$0.0</b>	<b>\$8.6</b>	<b>\$8.6</b>	<b>\$5.5</b>	<b>\$136.2</b>	<b>\$141.7</b>	<b>(\$5.5)</b>	<b>-100%</b>	<b>(\$127.5)</b>	<b>-94%</b>	<b>(\$133.1)</b>	<b>-94%</b>
<b>Average Headcount</b>	<b>413.8</b>	<b>0.0</b>	<b>413.8</b>	<b>358.2</b>	<b>9.0</b>	<b>367.2</b>	<b>55.6</b>	<b>16%</b>	<b>(9.0)</b>	<b>-100%</b>	<b>46.6</b>	<b>13%</b>

(1) FY17 Forecast excludes IANA Stewardship Transition travel and meetings, professional services, admin, and capital costs.

(2) ICANN Ops excludes Depreciation and Bad Debt of ~\$8M.

(3) FY17 activities covered by the contingency have been reported in the expense categories above based on the nature of the expense.

## 2.8. Total ICANN Cash Flows - FY18

Cash Flow Statement	For the Year Ended 6/30/2018				
	Operating Fund	Reserve Fund	NgTLD	Auction Proceeds	Total
In Millions, US dollars					
<b>Funds Under Management - June 30, 2017</b>	<b>\$ 44.9</b>	<b>\$ 58.6</b>	<b>\$ 123.7</b>	<b>\$ 233.0</b>	<b>\$ 460.1</b>
Collected/ (refunded) from contracted parties	141.3		(9.0)		132.3
Auction Proceeds	-		-		-
Paid to vendors, net of reimbursement	(62.8)		(8.3)		(71.2)
Paid to employees, net of reimbursement	(70.9)		(2.5)		(73.4)
Reimbursement from Reserve Fund - IANA					
Transition Project Costs <sup>(1)</sup>	\$ 4.5	\$ (4.5)			-
Historical Development Costs	2.0		(2.0)		-
Capital expenditures	(3.6)		-		(3.6)
Change in investment market value		1.2	0.3	0.5	1.9
<b>Funds Under Management - June 30, 2018</b>	<b>\$ 55.4</b>	<b>\$ 55.3</b>	<b>\$ 102.0</b>	<b>\$ 233.5</b>	<b>\$ 446.1</b>

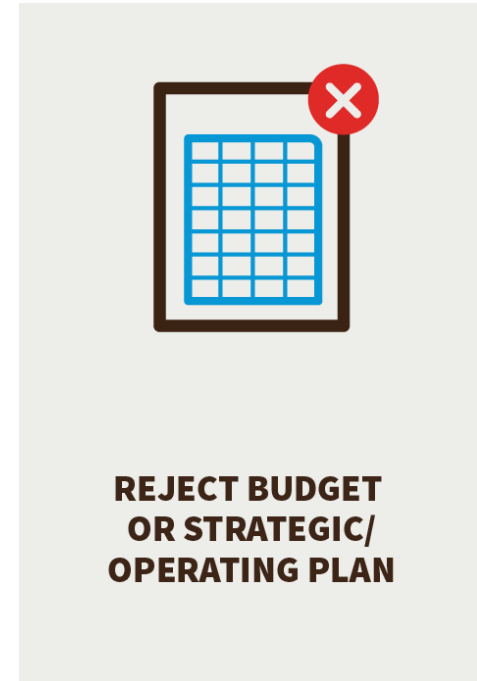
(1) The IANA Transition Project Costs are reimbursed from the Reserve Fund every six months for the previous six months of expenses. The FY18 impact represents the project expense for H2 FY17 ( January through July ).

## 2.9. New to the Planning Process



## 2.9. New to the Planning Process (1 of 2)

- Caretaker budget - background:
  - Community power to reject the strategic / operating plans and budget.
  - If the Board-approved OP&B is vetoed, **caretaker budget** replaces OP&B during veto resolution period.
- Caretaker budget - suggested approach:
  - Basis: approved budget
  - Less: new positions to be suspended (from date of veto to end of veto period)
  - Less: 10% of Travel/Meeting and Professional Services
  - Less: expenses that triggered the veto.



## 2.9. New to the Planning Process (2 of 2)

- Unfunded Potential FY18 Activities
  - Include activities/expenses considered during budget development, but not included in the Draft FY18 OP&B.
  - Activities to be considered during FY18, based on priority and availability on funding.
- See List on next slide

# 8.5. Unfunded Potential FY18 Activities - Descriptions

	Name	Description	FY18	Total Expenses	Annual recurring	Estimated Start Date	Estimated End Date
<b>Operations</b>	Internal Controls Audit function	Create an Internal Controls Audit function, aiming at ensuring existence and effectiveness of the internal controls across ICANN	\$0.4	n/a	\$0.5	n/a	n/a
<b>Comms/LS</b>	Comms/Language Services	Various projects of legacy translations, localization, and Comms meeting.	\$0.2	\$0.2		Jul-17	Jun-18
<b>MSSI</b>	Reviews support	Additional resources for review support, dependent upon reviews schedule	\$0.2	\$0.2		Jul-17	Jun-18
<b>GSE</b>	SSR capacity building and additional headcount	Additional resources for capacity building events and engagement in EMEA; Headcount in Brussels for SSR capacity building, Turkey engagement in Istanbul, Africa engagement (personnel, plus \$100k administrative)	\$0.4	\$0.4	\$0.3	Jul-17	Jun-18
<b>Meetings</b>	Additional Meetings headcount	Dependent upon meeting schedule and staff availability (Personnel, travel)	\$0.2	n/a	\$0.2	n/a	n/a
<b>Legal</b>	Additional Legal resources	Legal expertise in non-US locations (Personnel)	\$0.3	n/a	\$0.3	n/a	n/a
<b>Legal</b>	Additional defense resources	Additional legal fees for defense in pre-litigation or litigation activities.	\$1.0	\$1.0		Jul-17	Jun-18
<b>Finance</b>	Additional business analysis	Additional resources to sustain the need for project analysis and increased reporting/transparency.	\$0.2	n/a	\$0.2	n/a	n/a
<b>Contractual Compliance</b>	Additional professional services	Additional audit and metrics related activities for accountability/transparency.	\$0.1	\$0.1		Jul-17	Jun-18
<b>Comms/LS</b>	Comms	Ongoing management of ICANN.org	\$0.4	\$0.4	\$0.4	Jul-17	ongoing
<b>Comms/LS</b>	Comms	Government Relations support	\$0.2	\$0.2	\$0.2	Jul-17	ongoing
<b>Policy Development Support</b>	Document Production Pilot Support	Additional FY18 pilot resources to support testing of document development and production for self-identified eligible communities.	\$0.1	\$0.1		Jul-17	Dec-17
<b>Community Travel Support</b>	Community Regional Outreach program	This program was to be transferred from a the pilot special request category in prior years to the "core" icann budget planned for FY18 at an amount of 161,000.	\$0.1	\$0.2		Jul-17	Jun-18
<b>Policy Development Support</b>	Additional professional services	Additional FY18 funding for special professional services assistance in support of certain ccNSO and/or GNSO PDPs currently underway. This may take the form of some special advice, expertise or data needed to advise the PDP group in its formulation of a policy proposal to the Board.	\$0.1	\$0.1			
<b>Government Engagement</b>	additional professional services (engagement - capacity building)	additional support trainer/workshops in underserved regions and developing economies for governments and law enforcement capacity building on DNS (meeting, travel, professional services) building on successful model from 2017 event	\$0.3	\$0.3		Jul-17	Jun-18

## 2.10. Next Steps in FY18 Budget Process

## 2.10. Next Steps

Date	Who	Step
19 Mar	Community	Submit clarifying questions (as needed) on the draft 5-Yr Op Plan Update and FY18 Op Plan
31 Mar	Staff	Post responses to clarifying questions
31 Mar	Community	Set up a meeting with the planning team to review your submitted comments (as needed) by
05 Apr (est.)	BFC	BFC recommends Board approves SO/AC Additional Budget requests
28 Apr	Community	Public comment Period ends
05 May	Board	Board approves SO/AC Additional Budget requests (Board resolution)
25 May	Staff	Staff Report published
05 Jun (est.)	BFC	BFC reviews the final ICANN Budget and recommends Board approval
10 Jun (est.)	Staff	New Step: Publication to the community of the final FY18 OP & B intended for Board approval highlighting any changes from the Draft.
24 Jun (est.) ICANN 59	Board	Board approves final ICANN Budget



**10 Minute Break**



# 3. Planning Process: FY19 and Beyond

# 3. Planning Process: FY19 and Beyond

## Background

- ⊙ EC creates responsibility for community to get better understanding on processes where they can exercise powers.
  - ⊙ Engagement / understanding / public comment / exercise oversight accountability
- ⊙ Expand the focus on Operating Plan: describe what we do, how it fits with the mission, engage and interact with community on priorities.
- ⊙ Board's area of focus: “improve financial discipline”

# 3. Planning Process: FY19 and Beyond

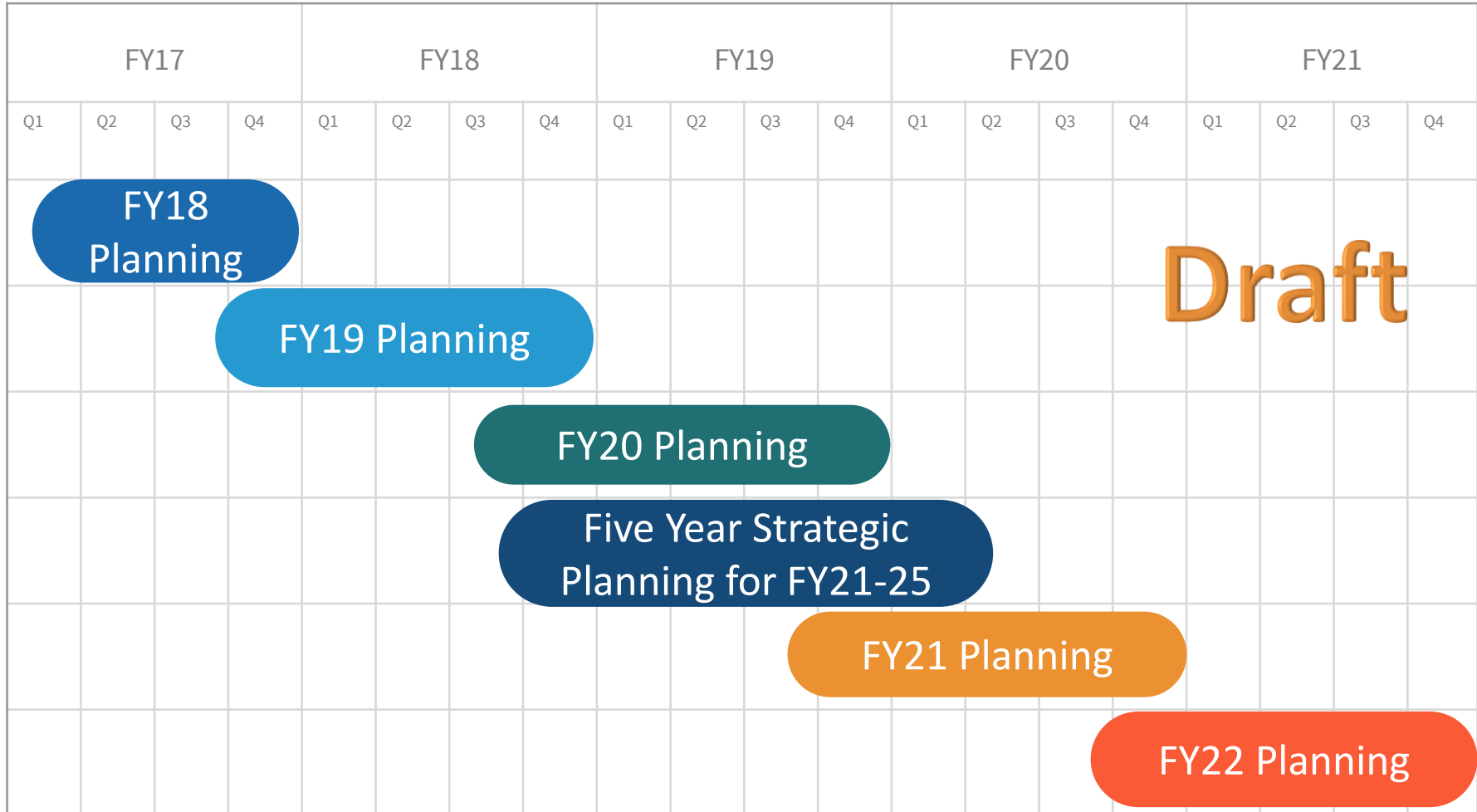
- ⊙ Benefits of multi-year Operating Plan and Budget Process:
  - ⊙ Aligning long term expenditures to long term funding projections
  - ⊙ Benefit is a longer term view with alignment to changes on priorities and goals
  - ⊙ Benefit is the ability to amend the spending plans based on priorities and goals
    - ⊙ Each spending plan is approved individually each year with a focus on significant changes from multi year plan

# 3. Planning Process: FY19 and Beyond

- ⊙ Multi Year Operating Plan and Budgeting Process
  - ⊙ Additional consultations and process for review of the Operating Plan on a cross functional basis
  - ⊙ A multi-year Operating Plan with documented activities and priorities phased by year
  - ⊙ A multi-year Budget that contains detailed expenditures and anticipated funding for more than one budgetary periods (fiscal years)
    - ⊙ Adoption of a multi-year plan is typically for 3 to 5 years

# 3. Strategic Planning Cycles

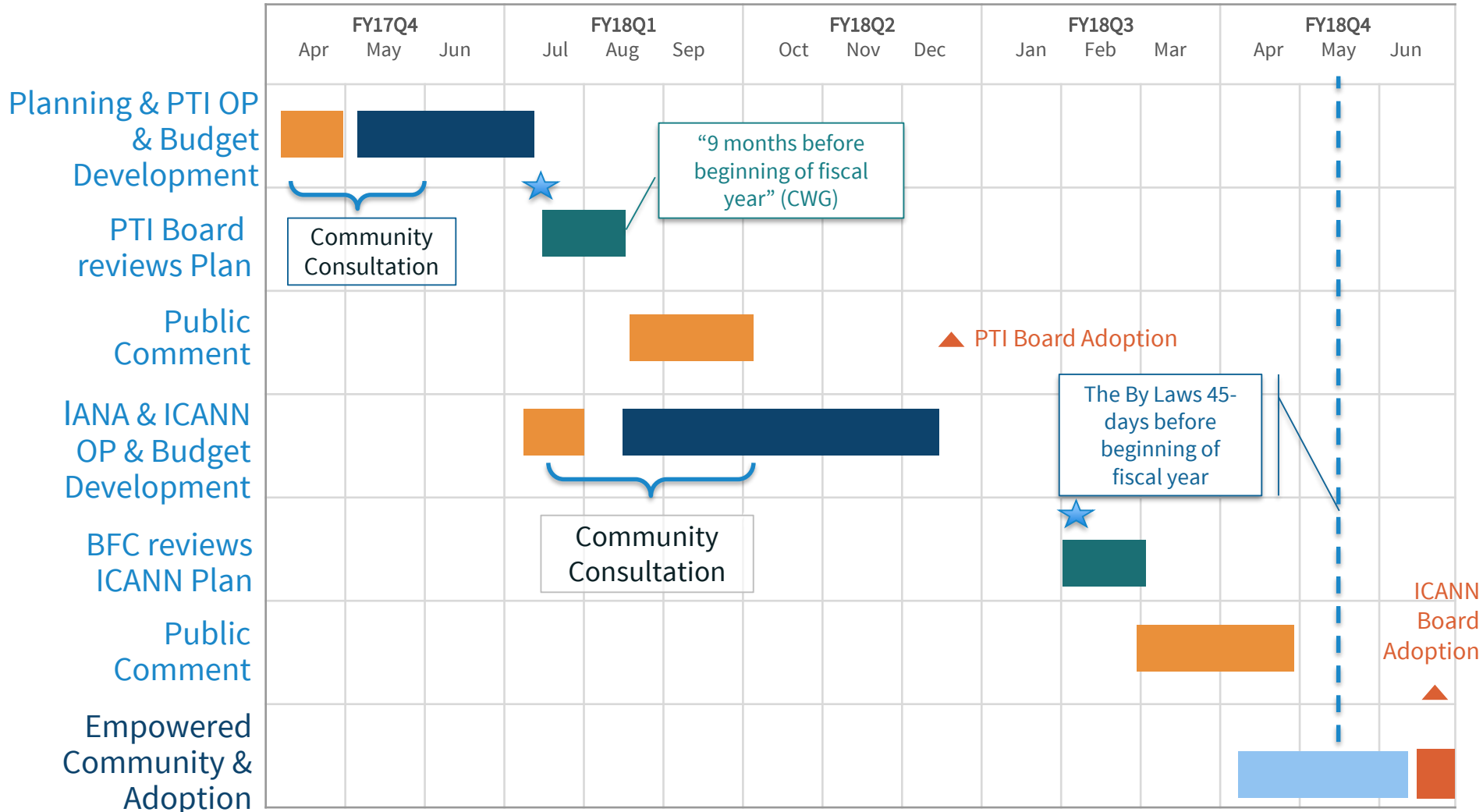
Timing of annual planning cycles and the next 5-year Strategic Planning Cycle



# 3. FY19 Planning Calendar

# Draft

## Fiscal Year Quarters





# 4. Community Engagement

# 4. Community Engagement

## What are we trying to achieve?

1

A broader and more diverse base of constituents who are knowledgeable about and involved in the planning process.

2

Engagement with the next generation of community members to share information, experiences and expertise about planning.

## Considerations/Potential Challenges

- community/ staff fatigue,
- stretched resources,
- learning curve for new participants,
- lack of understanding of why participation is important.

# 4. Community Engagement

How can we improve community engagement?

How can we expand community engagement?

## Frequency

- more/ less often?

## Forums

- F2F, webinar, telecom, website?

## Timing

- Recurring/ ad hoc?

## Content

- more/ less detailed?

## Marketing/ recruitment strategy

- Focused/ broad?

# How to Get Involved



## Thank You

Email: [controller@icann.org](mailto:controller@icann.org)



**Public Comment**

[icann.org/public-comments](http://icann.org/public-comments)



**Community Finance Email List**

How to subscribe?



**Upcoming Session at ICANN 58**

[Financial Accountability: Operating Plan and Budget](#)

16 March 2017

9am-1030am

Hall A3



# 5. Appendix



# 8.1. ICANN Ops Baseline Cash Expenses by Function

Executive Group	in Millions, USD FY18 Draft Budget <sup>(1)</sup>			FY17 Forecast <sup>(2)</sup>			Increase/(Decrease)			
	EOP Hdct	Avg Hdct	Total	EOP Hdct	Avg Hdct	Total	EOY Hdct	Avg Hdct	Total	%
DNS, GDD, IANA	99.0	98.5	25.7	88	72.5	19.4	11	26.0	6.3	33%
Operations	17.0	17.0	\$7.9	17	9.9	\$6.5	-	7.1	\$1.4	21.5%
Strategic Communications	26.0	26.0	9.4	26	25.2	9.5	-	0.8	(0.1)	-1%
Finance & Procurement and ERM	20.0	20.0	5.2	20	15.8	4.8	-	4.2	0.4	8%
Technical Functions	19.0	18.0	8.6	17	14.6	6.8	2	3.4	1.8	27%
GSE, Meetings Ops, DPRD	48.0	48.0	16.4	46	43.9	16.5	2	4.1	(0.2)	-1%
Contr. Compliance & Consumer Safeguards	29.0	29.0	5.6	26	26.2	4.9	3	2.8	0.7	14%
Governance Support	20.0	19.0	9.0	17	16.2	7.4	3	2.8	1.6	21%
Governmental & IGOs										
Engagement	8.0	8.0	3.3	7	7.0	3.3	1	1.0	0.1	2%
Executive	3.0	3.0	2.1	3	3.0	2.0	-	-	0.1	6%
Policy Dev Support and SO/AC										
Engagement	35.0	34.9	9.5	34	30.4	9.8	1	4.5	(0.3)	-3%
IT	66.0	66.0	24.9	61	59.9	25.4	5	6.1	(0.4)	-2%
Global Human Resources & Admin	22.0	21.7	9.4	21	19.6	10.6	1	2.1	(1.2)	-11%
MSSI	17.0	17.0	6.9	17	12.9	6.3	-	4.1	0.7	11%
Ombudsman	1.0	1.0	0.6	1	1.0	0.4	-	-	0.3	71%
New gTLD Allocations & Corporate (includes attrition)	(13.3)	(13.3)	(1.8)	-	-	(3.1)	(13)	(13.3)	1.3	-43%
	<b>417</b>	<b>413.8</b>	<b>\$142.8</b>	<b>401</b>	<b>358.2</b>	<b>\$130.4</b>	<b>16</b>	<b>55.6</b>	<b>\$12.5</b>	<b>8%</b>

(1) Includes contingency (\$5.9M).

(2) FY17 Forecast excludes IANA Stewardship Transition T&M, Prof. Svcs, Admin, Capital.

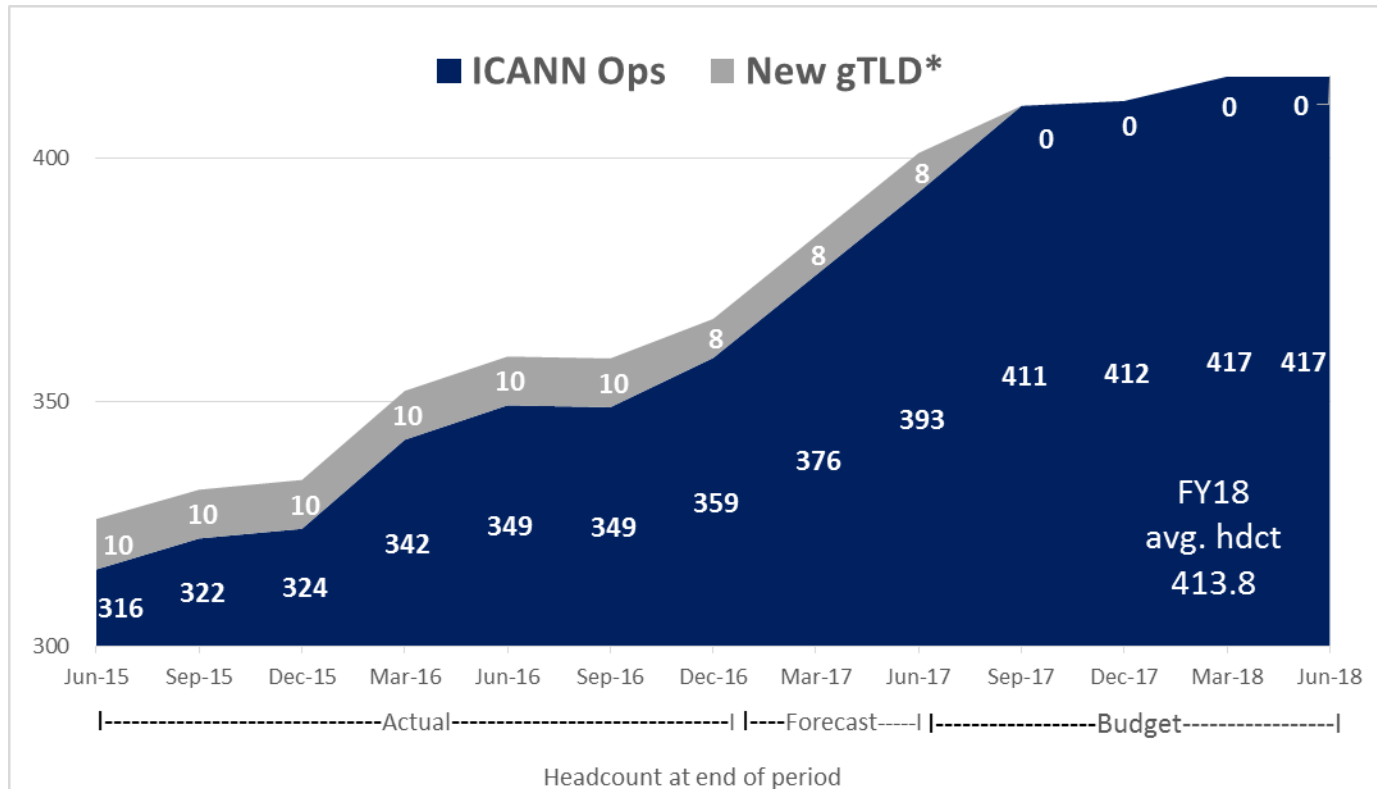
In millions, USD

## 8.2. Total ICANN Cash Flows - FY17

Cash Flow Statement	For the Year Ended 6/30/2017				
	Operating Fund	Reserve Fund	NgTLD	Auction Proceeds	Total
In Millions, US dollars					
<b>Funds Under Management - June 30, 2016</b>	\$ 25.6	\$ 71.0	\$ 143.6	\$ 100.7	\$ 340.8
Collected/ (refunded) from contracted parties	134.6		(2.0)		132.6
Auction Proceeds	-			135.0	135.0
Paid to vendors, net of reimbursement	(63.1)		(13.9)	(2.9)	(79.9)
Paid to employees, net of reimbursement	(60.3)		(2.1)		(62.4)
Reimbursement from Reserve Fund - IANA Transition Project Costs <sup>(1)</sup>	13.6	(13.6)			-
Historical Development Costs	\$ 2.1		\$ (2.1)		-
Capital expenditures	\$ (7.7)		\$ -		(7.7)
Change in investment market value	\$ 1.2		\$ 0.3	\$ 0.2	1.6
<b>Funds Under Management - June 30, 2017</b>	<b>\$ 46.0</b>	<b>\$ 57.4</b>	<b>\$ 123.7</b>	<b>\$ 233.0</b>	<b>\$ 460.1</b>

(1) The IANA Transition Project Costs are reimbursed from the Reserve Fund every six months for the previous six months of expenses. The FY17 impact represents the project expense for H2 FY16 ( January through July ) and H1 FY17 ( July through December).

# 8.3. Headcount 3-Year Overview



\*As the New gTLD Program progresses, the dedicated resources previously reported under the Program are transferring to ICANN Operations in FY18 and continue to support the Program as required.

# 8.4. PTI FY18 Budget

Adopted by the PTI Board at the end of January 2017.

<b>FY18 PTI Budget in Millions, USD</b>	<b>PTI Operations FY18 Budget</b>
<b>FUNDING</b>	<b>\$9.6</b>
Personnel	\$5.8
Travel & Meetings	\$0.6
Professional Services	\$1.1
Administration	\$1.2
Contingency	\$0.5
Capital	\$0.1
Depreciation (b)	\$0.4
<b>TOTAL CASH EXPENSES</b>	<b>\$9.6</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>
<b>AVERAGE HEADCOUNT (FTE) (a)</b>	<b>22.6</b>

(a) FTE: Full-time staff equivalent

(b) Depreciation is treated as a cash expense for PTI since it will be reimbursed to ICANN