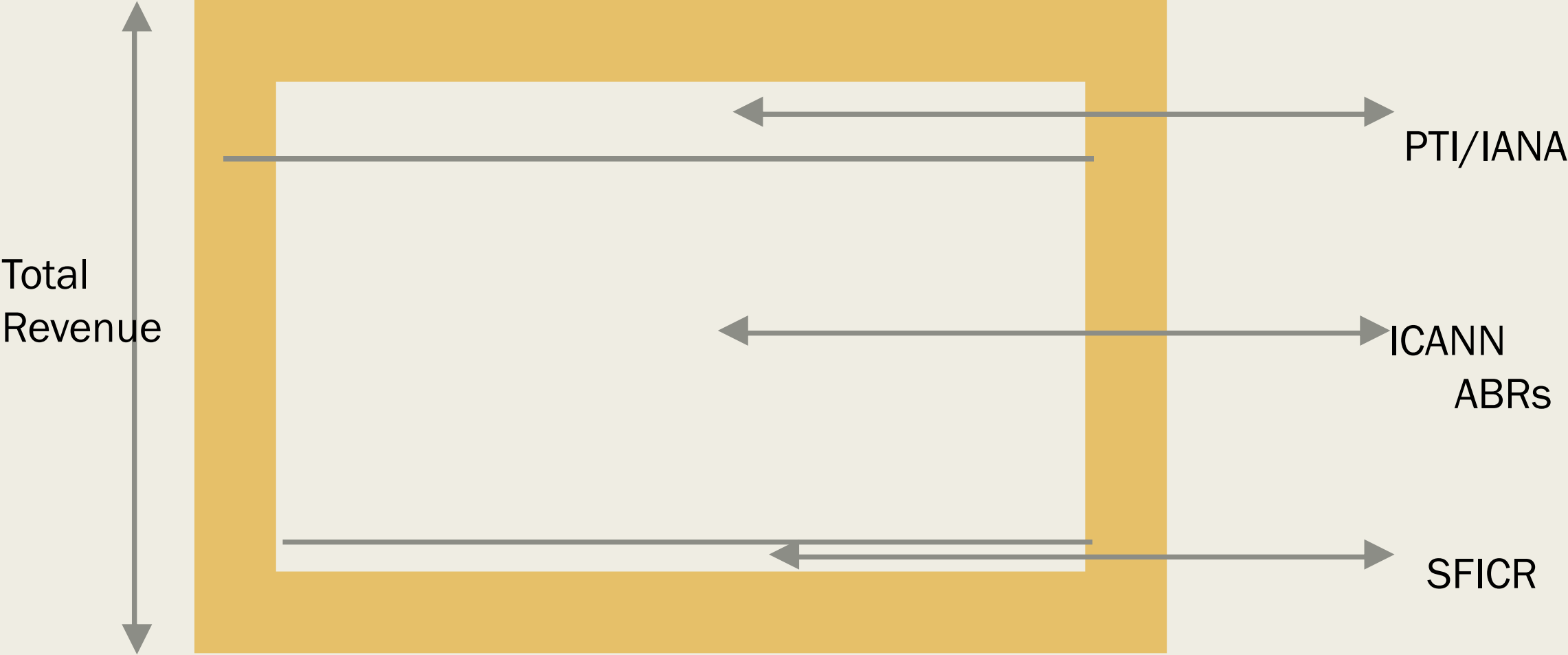# OPERATIONS, FINANCE AND BUDGET WORKING GROUP

22 December 2022

Planning Timetable

- IANA/PTI BUDGET FY 24 – submitted by ALAC

- ICANN BUDGETs – Comments due 13 February
  - *FY 24-28 Operating and Financial Plans FY 24-28*
  - *FY Operating Plan and Budget*

- ABRs – for FY 24 – due January

- Grants?

The Budgets

Total
Revenue

PTI/IANA

ICANN
ABRs

SFICR

Additional Budget Requests

Assessment:

- Requests which, on their face, are <u>directly and demonstrably</u> related to current ICANN policy development, advisory and technical work

- Addressing capacity building objectives through collaboration with ICANN's Public Responsibility Support and Global Stakeholder Engagement teams including development of <u>materials that can be used for online</u> (rather than face to face training

- Considering the <u>availability of resources</u> (financial and staff) to support the individual and collective requests submitted in an equitable and transport manner

- For <u>travel</u> requests – primarily – events taking place at an <u>ICANN public meeting</u> of other <u>ICANN organized meeting</u>
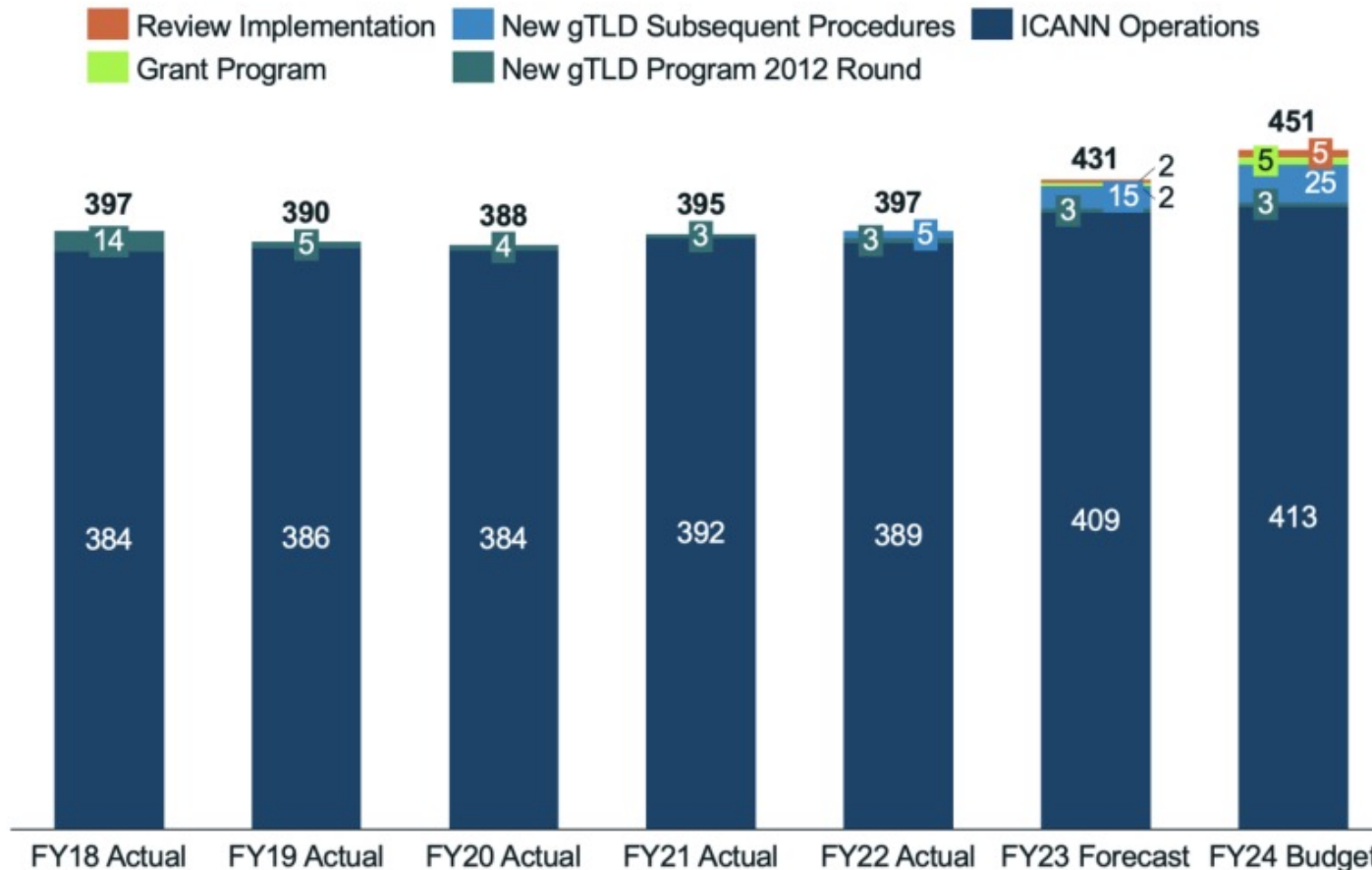
FY24 BUDGET

3.1 Financial Overview

Total ICANN Financials	For the Twelve Months Ending 30 Jun 2024					
In Millions, US dollars	Operating Fund	New gTLD Fund	SFICR	Auction Proceeds	Reserve Fund	Total
Funds Under Management - 30 Jun 2023	**$44**	**$57**	**$18**	**$210**	**$164**	**$493**
Funding	145	-	-	-	-	145
Personnel	(85)	(9)	(2)	(2)	-	(98)
Travel & Meetings	(12)	(1)	(0)	(0)	-	(13)
Professional Services	(29)	(6)	(2)	(2)	-	(38)
Administration	(18)	(1)	(0)	(0)	-	(20)
Capital	(1)	-	-	-	-	(1)
Total Expenses	(145)	(17)	(4)	(4)	-	(171)
Operating Fund Excess Transfers	-	-	-	-	-	-
Grants Distributed	-	-	-	(10)	-	(10)
Investment Income/(Decline)	0	0	0	2	2	5
Funds Under Management - 30 Jun 2024	**$45**	**$40**	**$14**	**$198**	**$165**	**$462**
Total Average FTEs	**413**	**28**	**5**	**5**	**-**	**451**

4 Million US$ expenses in a 20 Million US$ Fund?

Barely 1% Interest gain only?

3.2 Average FTEs

The following chart shows the average number of FTEs working under each segment of Total ICANN. FTEs consist of direct staff and staff allocations from ICANN Operations. New gTLD Program 2012 Round FTEs reflect efforts to process the remaining applications received in 2012. New gTLD Subsequent Procedures FTEs reflect the resources needed for policy development and implementation. The Grant Program, which is funded by Auction Proceeds, began in FY23 and will ramp up in FY24. In addition, prioritized Review Implementation, funded by the SFICR, will begin later in FY23 and continue into FY24.

Legend: Review Implementation | New gTLD Subsequent Procedures | ICANN Operations | Grant Program | New gTLD Program 2012 Round

	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Forecast	FY24 Budget
Total	397	390	388	395	397	431	451
ICANN Operations	384	386	384	392	389	409	413
New gTLD Program 2012 Round	14	5	4	3	3	3	3
New gTLD Subsequent Procedures					5	15	25
Grant Program						2	5
Review Implementation						2	5

~ 10% growth in FTE from the actual FTE numbers with 2% decrease in Incomes?

4.1 FY24 Budget versus FY23 Forecast

In Millions, USD	FY24 Budget ICANN Operations	FY23 Forecast ICANN Operations	Under/(Over) vs. FY23 Forecast $	%
Funding	**$145**	**$148**	**($2)**	**-2%**
Personnel	$85	$83	($1)	-1%
Travel & Meetings	$12	$13	$1	6%
Professional Services	$24	$27	$4	13%
Administration	$18	$18	($0)	-1%
Capital	$1	$2	$1	29%
Contingency [1]	$5	$4	($1)	-30%
Total Operating Expenses	**$145**	**$148**	**$2**	**2%**
Net Operating Excess/(Deficit)	**$0**	**$0**	**$0**	**0%**
Average Headcount	**413**	**409**	**(4)**	**-1%**

[1] Contingency represents an amount of budgeted expenses unallocated to specific activities or functions

One-Time Implementation costs and Recurring Costs for Grant Cycles

Grant Program	One-Time Implementation Costs			Recurring Costs		
	Personnel	Non-Personnel	Total	Personnel	Non-Personnel	Total
Activity	FTE	$	$	$	FTE	$	$	$
Phase 1: Planning and Cycle Set Up	0.4	$0.1	$0.5	$0.6	0.5	$0.2	$0.4	$0.6
Phase 2: Application Window	2.1	$0.5	$0.2	$0.8	1.5	$0.5	$0.2	$0.7
Phase 3: Application Due Diligence, Assessment, and Selection Process	0.2	$0.0	$0.0	$0.0	1.5	$0.4	$1.2	$1.6
Phase 4: Award	0.1	$0.0	$0.0	$0.0	0.5	$0.2	$0.2	$0.4
Phase 5: Post Award	1.1	$0.3	$0.2	$0.4	1.0	$0.5	$0.2	$0.6
Total Expenses	3.8	$1.0	$0.9	$1.9	5.0	$1.7	$2.1	$3.9
Projected Grant Distribution							$10.0	$10.0
Total Cash Expenditures	3.8	$1.0	$0.9	$1.9	5.0	$1.7	$12.1	$13.9

The program implementation costs will be incurred mainly in FY23 and the recurring costs will be incurred during FY23 and FY24. Below is a breakdown of the costs by fiscal year:

- FY23 Forecast: ~$2 million costs
- FY24 Budget: ~$4 million costs and a projected grant distribution of $10 million

FY 24-28 OPERATING INITIATIVES AND BUDGET

Holly Raiche

OPERATING INITIATIVES

1. Support evolution of Root Server System

2. Facilitate DNS Ecosystem Improvements

3. Evolve and Strengthen MSM – Diverse and Inclusive Participation in policy making (**1**)

4. Evolve and Strengthen ICANN's Decision making process (**2**)

5. Develop Internal/External Ethics Policies

6. Promote/strengthen Competitive Environment in DNS

7. Geopoliltical Monitoring, Engagement and Mitigation *(Monitoring legislation that may impact – (**5**)*

8. Improve understanding of Domain Name Market Drivers that impact ICANN's Funding

9. Implement new gTLD Auction Proceeds recommendations approved by the Board

10. Planning at ICANN (**4**)

11. ICANN Reserves

NB: The Operating Initiatives for FY23 included the initiative "Universal Acceptance – which is now being implemented and no longer listed as one of the initiatives for FY24. The numbers against the current initiatives indicate the top 5 initiatives indicated by ALAC. "Universal Acceptance' was number 3 on that list

Initial Comments
Operating Initiatives and Budget

- Determination of ICANN activities to support initiatives

- Mechanisms for determination of outcomes

- For initiatives identified by ALAC – processes for evaluation?

MBM: Comments from Budget Response by Marita Moll

- There is still no fulsome way to follow progress on the full set of multistakeholder model (MSM) issues identified in community discussions. In addition, there is no overall strategy to recognize efforts—especially community-led efforts towards those initiatives. We reiterate our suggestion made last year, that there be a regular, inclusive (all issues) progress report to stakeholders, including a call-out to communities for contributions.

- The ALAC reiterates our previous comments that tracking and progress evaluation has to include qualitative as well as quantitative measures.

- The ALAC recognizes the need to collect this data, but the real emphasis should be on education and support mechanisms to make better use of the diversity we already have in our ranks. At-Large, given its RALO-based structure, is already a very diverse community. The challenge is to make sure there are accessible entry points for all who wish to participate.

Comments on 2023 Budget - MBM

Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policymaking

- The ALAC would like to know how and when the evaluation of progress will take place, regarding the work identified to date in Evolving the ICANN Multistakeholder Model. We would also like to see regular reporting showing progress or lack of progress in the issues identified.

Is the position of project manager mentioned in FY22 now redundant, or has this been incorporated into an existing staff role?

- The ALAC would also like to have a staff member specifically assigned as policy support for the At-Large community.

MBM: Comments from Budget Response

- ICANN Learn remains an excellent resource but there is a gap between the curious observer and those who are already engaged enough to go through the registration process and have the discipline to follow through with the courses on an individual basis. Increasing support for tools such as Internet Governance Schools—both in-person and virtual—and the volunteers who organize them would help bridge this gap in outreach.

Discussion and Questions