

Memo: Budget/Strat Plan Veto Sub-team
Saturday, October 17, 2015

The team discussed a number of the issues surrounding the proposed community veto power and there was a good deal of consensus on many aspects. Those areas included the need to memorialize, in some way, the new procedures for community engagement in budget development, the veto of the 5 year Strategic Plan and Budget and the need for a veto power over the IANA portions of the budget. The area of greatest concern to the Board and other commenters was the veto of the annual budget so that was where we spent most of our time.

The team discussed the purpose of the community proposed veto power and it was, in fact, to influence the expression of the proposed operating plan. As it eventually came down to semantics it became clear that it was really a proposal to veto the combined annual operational plan and the corresponding budget.

A number of the concerns had to do with the mismatch inherent in a continuing resolution of the prior year's budget. In the case of a revenue shortfall it would be too high and in every case it would not map well to the current year budget and would create uncertainty about where money should be spent.

Consequently, the notions of a "line item veto" or some more abstract "targeted veto" were both discussed but both again suffered deficiencies. In the case where the issues raised by the community involved proportional allocation of funds, a targeted veto might miss the mark.

Where the group landed was on the distinction between the discretionary versus non-discretionary portions of the budget and while this concept is somewhat amorphous at the margins, it was agreed the CFO could, based on a framework, determine with reasonable consensus what would fall where so the ICANN CFO will work on a framework for future CFO's to make that determination.

An additional concern was the impact a veto would have on quarterly reporting but it was again agreed that the CFO could determine an interim report format to provide a quarterly budget based on the non-discretionary budget.

Finally it was determined that the board needs to retain the ability to authorize non-budgeted expenses mid cycle and this process would be ineffective to hold the board to account in those cases. Therefore, the community would rely on an IRP to object to a mid cycle expenditure.

The team believe we can reach consensus and construct relevant language in the very near term.

What follows is a table of issues raised, the agreement reached and the consensus status.

Issue	Resolution	Next Step	Status
5-year Strat Plan/Budget Veto	Agreed	Draft language	
Enshrine community engagement process	Agreed	Draft language	
Veto PTI Budget	Agreed	Draft language	
Trivial Objections	High Bar fixes	Community Mechanism	
Deadlock	Freeze only non-discretionary	CFO Draft Framework	
Misaligned Continuing Resolution	Freeze only non-discretionary	CFO Draft Framework	
AC/SO Isolation	High bar fixes	Community Mechanism	
Quarterly Reporting	Interim Report	CFO Draft Framework	
Mid-year expenditures	Agreed	IRP Framework	

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