20 April 2017

Draft FY18 Operating Plan and Budget

Xavier Calvez
ICANN Chief Financial Officer

Dear Xavier -

Following the publication of ICANN's Draft FY18 Operating Plan and Budget, the GNSO Council welcomes the opportunity to provide comments and feedback through ICANN's Public Comment Forum.

This statement was adopted by the GNSO Council during its meeting on 20 APR 2017 [link to resolution on GNSO Site]. These comments are intended to complement any input that may be provided on the FY18 Budget by GNSO Stakeholder Groups (SGs) and Constituencies (Cs).

At the request of the GNSO Council, a group of Councilors reviewed the draft FY18 budget and examined the proposed budget allocations, focusing especially on whether resources directed at policy development seem appropriate, both in relation to the GNSO's current workload, but also in view of any planned policy activities for FY18.

Based on this review, the GNSO Council would like to provide the following feedback:

General Comments:

- The GNSO Council notes that many of our comments[1] filed in response to the Draft FY17 Operating Plan and Budget were not adopted in the Final budget, and that some of these concerns persist in the Draft FY18 budget. This raises broader questions about how ICANN reviews comments received and, if appropriate, responds to the commenter or amends the draft budget. Given the greater involvement of the Empowered Community in the review of FY18 and future budgets, we reiterate our call for greater transparency in the process of finalizing the draft budget. In particular, ICANN should consider publishing a detailed analysis of comments received, along with a rationale for those not incorporated in to the Final Budget.

- In regards to the chart displayed on page 10 of the draft FY18 budget showing expenses of FY17 Forecast and FY18 Draft Budget by Function, it might be helpful to also provide a second chart that summarizes the current fiscal year forecast and following fiscal year draft budget at the Goal level (on a page 11) and if possible by the Portfolio further down in the draft budget where the portfolios are detailed by Goal.

Resource Allocation, Prioritization, Staffing, and Funding:

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[1] https://forum.icann.org/lists/comments-op-budget-fy17-five-year-05mar16/pdf5hWWfxekBz.pdf

- Projected growth in resources allocated for global engagement, ranked third largest by function, continues to raise questions about the value proposition of these expenditures. If ICANN measures the success of this initiative in terms of "…show(ing) a balanced and regional approach to global engagement" and "stakeholder participation[2] in ICANN by region," then we request that Staff provide details demonstrating that progress towards these goals is justified by the continued spend (funding and FTE headcount). For example, are the large quantity of regional stakeholder engagement events and sponsorships at internet related functions still required? And if so, what tangible and meaningful outcomes are derived other than just measuring the quantity of those events as it pertains to ICANN's mission such as policy development around the generic names space?

- The GNSO Council notes with concern that the FYI18 budget, as in prior years, places a lower priority on resources supporting Policy Development versus other initiatives and programs. In this context, priority is measured by total budget allocation, YoY growth projections, and FTE headcount. We reiterate our position from last year that supporting policy development and the technical coordination of the Domain Name System are enumerated in ICANN's Mission and Bylaws.[3] The GNSO Council believes that scarcity of Policy Staff and other resources are a challenge to its ability to meet its objectives. And that as an organization, ICANN is particularly vulnerable to Staff turnover and the loss of institutional knowledge in this area.

- FY18 Projections for new gTLD transaction fees (sec. 3.2 "Funding") show a best estimate of approximately 30% growth in funding derived from transaction fees associated with registrations in new gTLDs. Given that this level of growth is also established as the "low estimate," we strongly encourage ICANN Finance staff to consult with GNSO contracted parties (and in particular, gTLD registry operators) to ensure that this assumption is supported by their growth projections for the corresponding time frame.

The GNSO Council looks forward to receiving a response to the questions and discussing the issues raised in this comment further.

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Best Regards,

James Bladel
GNSO Chair

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[2] We also request a general definition of "participation" in this context. Is this measure limited solely to attendance at ICANN meetings? Or can "participation" be expanded to include long-term engagement beyond a local meeting, such as working groups, review teams, or engaging with a stakeholder group/constituency?
[3] https://www.icann.org/resources/pages/bylaws-2012-02-25-en#I