

RySG Clarifying Questions for ICANN Finance re: ICANN FY15 Budget and Report of Public Comments

The RySG submits the following comments and questions in advance of the ICANN meetings in Los Angeles regarding the Report of Public Comments on the ICANN FY15 Draft Operating & Budget, Section III, Summary and Analysis of Comments:

1. The Staff response to Ken Stubbs' comment in Section 1.1 was only partially responsive. He asked for a cost breakdown for the ICANN globalization/IANA transition expenses. A list of four tracks were given with associated costs but for the first track, Enhancing ICANN Accountability & NTIA Stewardship Transition, a cost total of \$5.3M was given with no further breakdown. That is nonresponsive. We understand that there are lots of unknowns with this area, but what are the various buckets and associated cost estimates that makeup the \$5.3M? We thank Xavier for informing the RySG in our 1 October meeting that he would provide this information in Los Angeles and look forward to seeing the added detail.
2. Throughout the public comments, both the ccNSO and the RySG cited the need for more detail.
3. In Section 3, the report states that revenue and expenses were reduced by \$10M and reasons for doing that were explained fairly well. But it is not very easy to figure out where the specific reductions in expenses were made without doing a detailed comparison of the Draft Operating Plan & Budget with the Final version. We appreciate the fact that Xavier committed to providing a summary of the changes made in expenses at the project level. Note that we do not need another explanation of why the revenue and expense projections were reduced but would simply like to see where the expense reductions were made with a particular emphasis on how those reductions may impact gTLD registries.
4. In Section 10.2, the report was partially responsive to the ccNSO comment: In referring to "Portfolio 2.2.6 Support Function Operations" the reports says: ". . . The \$21.9M budgeted is comprised of the following: support functions (personnel, travel, consulting and administration) \$8.6M, bad debt & depreciation \$6.8M, rent and facilities costs \$6.5M, contingency \$6.0M, travel support for stakeholders and constituents \$2.4M, and allocation of support services to the New gTLD Program -\$8.4M." But without further breakdown of these very large amounts, it is not possible for community members to do a reasonable analysis.
5. In Section 17.1, in our opinion the report does a very good job in responding to the ccNSO comment about the quality of the Fellowship Program candidates and the ongoing value of that program. The facts provided are very useful in showing the value of the program. This kind of detailed response is a good example of how cost benefit analysis can be done. It would be even more helpful if the data was provided in tabular form that shows the total number of fellows and the percentage of those that have continued to be involved in various capacities.
6. Several times in Staff responses to public comments, the report noted that the expense category in question did not include funds expended for that category in other areas of the budget. For example, in Section 18.2 in response to a RySG comment about whether \$400,000 would be sufficient to evolve the multistakeholder model, the report says: "Many factors contribute to the evolution of the Multistakeholder model; this area is complementary to other factors, such as the

undertaking of the respective organizational reviews and AoC.” That is understandable but if community members cannot readily see all the costs associated with an expense category, it is very difficult to provide meaningful input to the operating plan and budget.

7. In Section 21.9 in response to a RySG comment the report says: “Generally, the fact that some portfolios do not have amounts allocated to them is due to the fact that the AtTask system is used by the staff as a daily management tool and therefore carries at any point of time inconsistencies resulting from timing or differences in approach to allocate resources. Among the list that you have included in your comment, there are several portfolios for which the resources appear in a different portfolio. Also, some portfolios are in the process of development and definition.” This raises a key question: Is AtTask the wrong tool or is it not yet being used to maximize its full potential?
8. In Section 21.6 in response to a RySG comment the Staff response ends with this: “As ICANN's proficiency in AtTask matures and project planning becomes more fully developed, ICANN will provide more project level information.” Is there any estimate as to when this might occur?
9. In Section 21.4 in response to another RySG comment the report says: “ICANN acknowledges the need to establish and implement an annual process that ensures community members have sufficient details and time to evaluate and comment on the operating plan and budget. ICANN Staff will draft an annual planning process that includes roles and responsibilities, formats, and a roadmap. This draft planning process will be submitted to ICANN’s Board and the broader community for review in the coming months.” This response raises several issues: 1) This fact has been acknowledged multiple times over the last several years but a satisfactory resolution is still lacking; 2) Will ICANN Staff draft the ‘annual planning process’ by itself before seeking community input? 3) When will the ‘draft planning process’ be submitted to the broader community for comment?
10. In Section 21.7 in response to a RySG comment the reports says: “... Staff has proposed that a task force of community and staff participants be formed to draft an annual planning process...” What is the status of this?
11. The last sentence of Section I, General Overview, says: “Thank you for your input and continued contribution to fulfilling ICANN’s commitment to accountability and transparency.” In our opinion, until the community is provided a greater level of budget detail and in a format that makes it easily possible to analyze revenue and expenses, ICANN’s commitment to transparency will not be fulfilled. And until there is greater transparency, the commitment to accountability cannot be met.

The RySG looks forward to receiving answers to the questions included above in Los Angeles as well as discussing our concerns further.