Summary and analysis of public comments for:
DRAFT FY10 OPERATING PLAN AND BUDGET
Comment period ended: 17 June 2009
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1. BACKGROUND

The draft operating plan and budget follows the plans described in the FY10 Framework which was posted in mid February prior to the Mexico City meeting. The FY10 Framework was discussed with members of the ICANN community at the Mexico City meeting in March, through online public fora, and through conference calls with ICANN constituencies.

The comments received and the summary analysis of those comments can be found here:
http://www.icann.org/en/public-comment/public-comment-200904.html#op-budget-fy2010

The draft FY10 Operating Plan and Budget generally follows the Framework including the operating activities and budgets for revenues and expenses, and includes:

- A description of the operations planning and budgeting process including the critical requirement for community involvement in that process
- The highlights of the annual operating plan, describing the key outcomes that ICANN has set out to achieve
- The annual proposed budget including explanations of the revenue expectations and general spending plans for the fiscal year ending 30 June 2010

Although the draft FY10 Operating Plan and Budget generally follows the Framework, this draft does incorporate changes suggested through community feedback on the Framework as well as refinement of the operating plan activities and budget estimates based on further staff work. Adjustments made in response to community feedback and further staff research include:
- Constrain budget growth to 5% over FY2009 budget
- Revenues declining somewhat due to reductions in estimated domain transaction volume
- Possible fee reductions to offset the costs to registrars to adopt early the RAA amendments currently under consideration
- Some increases in travel support
- Offsetting cost reductions in a number of areas

This comment period was intended to encourage community members to provide feedback on how well this plan addresses priorities identified in the Strategic Plan. The community was encouraged to comment further regarding the plan elements that might be streamlined, reduced, or deferred in light of the current world economic climate. The comments and feedback obtained was used to provide input to the Operating Pan and Budget discussions with the ICANN Board at its Sydney meeting in June 2009.

2. GENERAL COMMENTS and CONTRIBUTORS
As of the 17 June 2009 deadline, a total of 2 community submissions have been made by two separate groups to this comment forum. The contributors are listed below in alphabetical order (with relevant initials noted in parentheses):

Coalition Against Domain Name Abuse (CADNA)
GNSO Intellectual Property Constituency (IPC)

3. SUMMARY & ANALYSIS

Comments submitted to this public forum tended to address or be directed toward four main thematic areas

1. the need for additional focus on internet security, and the monitoring of contract compliance with Registrars and accredited Registries;
2. risk of too much support for registries and registrars;
3. additional information needed related to the budgets and need for the New gTLD; and
4. areas where costs can be reduced or help lower to FY09 levels;

The comments made on the first theme related to the need for additional focus on internet security, and the monitoring of contract compliance with Registrars and accredited Registries include:

*IPC commented that they appreciate ICANN's decision three years ago to establish a contract compliance department, although and much more remains to be done. A credible, comprehensive program to monitor compliance with, and to enforce, its contracts with gTLD registries and with accredited registrars is required. IPC stated that the draft commendably increases the resources available for contract compliance activities, but fails to focus them on the work that will do the most good in advancing ICANN's stated goal of a "culture of compliance" IPC added that they also welcome the plan to hire a Whois compliance manager.

*CADNA stated that it agrees with the Strategic Plan goal to enhance security, stability and resiliency in the allocation and assignment of the Internet's unique identifiers. CADNA stated that they fully support this initiative, especially since it is one of the core tenets of ICANN's mission. As such, CADNA believes that this item should have a very high priority on the budget.

*IPC commented that there appears to be considerable overlap between IANA and Technology Operations, Security, Stability and Resiliency and DNS Operations. A clearer delineation of these functions would be useful to ensure that duplication has been minimized, as well as to get a better sense of the overall cost of these initiatives.

The comments made on the second theme related to the risk of too much support provided for Registries and Registrars include:

*IPC stated that virtually all revenue is ultimately derived from fees paid by domain name registrants. But because these payments are negotiated by ICANN with registries and registrars, who write the checks that, provide ICANN with nearly all its revenue, there is a real and persistent risk that these entities will dominate or capture the policy making processes and oversight activities that ICANN should be conducting on behalf of the Internet community as a whole. IPC believes that ICANN must be constantly vigilant in guarding against this risk of capture.

* IPC also stated that the Plan does not reflect any significant awareness of the risk of capture by contracted parties. For example, the description for the budget category of "constituency support," does not contain a single reference to any GNSO constituency other than registries and registrars.

*CADNA stated Constituency Support, which comes in the form of a 3.2% increase over FY09, does not include all constituents, but rather is limited to new registries and registrars. This is another example of ICANN overlooking the business community.

The comments made on the third theme indicating additional information needed related to the budgets for the New gTLD and prioritization of the New gTLD initiative include:

*CADNA stated that the demand for new gTLDs has not been substantially proven. The impact that such a rapid expansion would have on the economy and on the security and stability of the space has not been proven. Therefore, ICANN should not continue to move forward with the rollout of new gTLDs, and thus should not provide budgeting for it at this time.

*CADNA stated that despite the fact that ICANN has announced that a separate budget for the new gTLD Program is forthcoming; a significant portion of the FY10 budget is being allocated to different parts of the new gTLD Program.

*CADNA and IPC stated that ICANN must be sure to provide ample time for public comment before it releases the finalized budget for the new gTLD program. IPC stated that the community should be given the maximum feasible opportunity to review this supplemental budget, since it could approach or even surpass the entire annual operating budget of ICANN as set forth in the Plan

* CADNA stated the main focus of ICANN's activities in the upcoming fiscal year should be to improve its core operations and comply with its central mission. ICANN should focus its attention on accomplishing this level of excellence in its core operations before devoting itself to new, more complicated initiatives such as the new gTLD program.The budget should reflect this focus; the majority of the budget should be dedicated to activities that bring ICANN closer to its original goals.

The comments made on the fourth theme indicating areas where costs can be reduced or held lower to FY09 levels included:

*IPC stated that the area of Organizational Reviews, within the Administrative Improvement budget would be an excellent place for streamlining, reducing, or deferring budgeted expenditures.

* CADNA recommends that ICANN should seek more cost-effective solutions to meet their meeting needs, whether that be scheduling fewer meetings, scheduling meetings in more easily reached locals, or conducting certain meetings electronically, through webcasts and teleconferencing.

4. Next Steps
ICANN Staff has synthesized these comments and have included these within discussions with the Board Finance Committee and Board as part of their considerations in approving the FY10 Operating Plan and Budget at the June 2009 Sydney ICANN meeting.

Thank you
Kevin Wilson
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ICANN