

Draft FY22 Plans Clarifying Questions Report

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Prepared By: Planning team

Public Comment Proceeding Information

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Section I: General Overview

ICANN organization (ICANN org) prepared and published the Draft FY22-26 Operating and Financial Plan and the Draft FY22 Operating Plan and Budget for public comment on 17 December 2020. The public comment period ends on 15 February 2021.

As noted on the public comment page, Community members seeking clarification on any details in the Draft FY22-26 Operating and Financial Plan and/or Draft FY22 Operating Plan and Budget were asked to submit questions to planning@icann.org by 19 January 2021.

ICANN org then indicated that responses to clarifying questions will be published by 26 January 2021, approximately three weeks before this Public Comment period ends.

The purpose of the clarifying questions process is to permit community members to ask questions about details of the plans, the responses to which are meant to help them prepare for public comments, if still intended after receipt of the responses. The questions are more general in nature. Should any of the clarifying questions received seem to provide either support or lack of support for an element of the plans, ICANN org will then suggest that the submitter of the question submit such a comment as part of the public comment process.

This document provides the clarifying questions submitted to ICANN org and the responses to these questions from ICANN org.

Draft FY22 Plans Clarifying Questions and Responses

#	Question / Observation	Contributor	Response
1	Can you explain or list out the expenses incurred in the virtual meeting that amounted to the .4 for Kuala Lumpur and .5 for Hamburg. See page 15 in the budget	Judith Hellerstein	The majority of expenses for both ICANN68 and ICANN69 virtual meetings were for language services (interpreters, transcriptions) and technical services support (AV support, meeting room). Interpretation and scribing costs were comparable to prior face-to-face ICANN Public Meetings. In addition, technical consultants, interpretation devices, and general support for remote participation were utilized.
2	Can you talk about the success, improvements or lessons learned from the Pandemic response fund that was given out by ICANN.	Judith Hellerstein	<p>The ICANN69 Internet Access Reimbursement Program Pilot had 24 eligible participants from geographically diverse regions. On 13 January 2021, ICANN org announced the continuation of the program beyond the pilot phase, as well as enhancements for ICANN70</p> <p>Leaders from three Supporting Organizations, four Advisory Committees, four Stakeholder Groups and five Constituencies from the Generic Names Supporting Organization, and five Regional At-Large Organizations from the At-Large community will all have the opportunity to nominate a limited number of recipients to the program, focusing on members who are actively engaged in the ICANN community but may not have previously been eligible to apply.</p> <p>The continued goal of this program is to facilitate participation in ICANN Public Meetings during this global pandemic. It offers eligible community members who have limited Internet capacity financial assistance to increase their Internet bandwidth.</p>
3	Future scheduled ICANN Meetings seem to force a 20 - 20% increase per Meeting for funded travelers. If that is the case how was the forecasting done?	Alfredo Calderon	<p>The costs of ICANN Public Meetings are driven by the number of travelers and average travel rates. The average travel rate increases for the FY22 Public Meetings are due to the location of each meeting.</p> <p>In addition, there is a GAC meeting that was inadvertently included in the Constituent Travel by SO/AC table. This resulted in 34 additional trips and ~\$100k additional</p>

			expense on the GAC line for ICANN74. These expenses will be reflected on the following page under Other SO/AC events in a future publication. The subtotals will change but the total FY22 budget for Constituent Travel will not change.
4	<p>Questions related to the "FY22 Draft Budget": page 3 states "Personnel reflects an average headcount of 405, similar to current staffing levels."</p> <ul style="list-style-type: none"> It would be appreciated to have a footnote of the amount save when some positions have not been filled due to any issue (retirement, vacant, new hire, etc.) Even though the previous FY21 indicates 395, FY22 indicates 405 (page 8). If 'headcount' is different from 'FTE' a definition would be appreciated in the Glossary. 	Alfredo Calderon	<p>The budget does not contain details of individual staffing impacts. To see the dollar impact of headcount variances, we recommend reviewing Budget versus Actual Personnel in the Quarterly Reports found here: https://www.icann.org/resources/pages/governance/current-en#fy19-opplan-budget</p> <p>ICANN org uses the terms headcount and FTE (full time equivalent) interchangeably and we note your comment about clarifying this in the Glossary.</p>
5	<p>Questions related to the "FY22 Draft Budget": page 6 states "Excluding the impact of incremental expenses due to a return to full meeting operations post COVID-19, the FY22 Draft Budget expenses are growing at about 7 percent over the FY21"</p> <ul style="list-style-type: none"> Is 7% overall growth in spending? Some items on page 12 show a greater increase in spending. I assume it is due to the 	Alfredo Calderon	<p>As page 6 of the FY22 Draft Budget shows, cash expenses are growing 16% compared to the FY21 Forecast. However, much of this expense growth is due to travel and meetings being budgeted at pre-pandemic levels. If this growth were excluded, the remaining expense growth would be 7%. The drivers for this 7% are mentioned throughout the document and include more headcount and inflationary personnel expenses, as well as an increased workload to support the Information Transparency Initiative (ITI), Open Data program, SSR initiatives, additional reviews support, and incremental research and data collection efforts.</p>

	<p>cost estimation of the destination for each meeting scheduled. e.g. ALAC - ICANN72 versus ICANN73 shows an 18% increase; Fellows - ICANN72 versus ICANN73 an increase of 18%.</p>		
6	<p>Questions related to the "FY22 Draft Budget": page 13 Has a noticeable difference under "OTHER SO/AC Events" where NARALO General Assembly in Seattle has \$40,200 while LACRALO General Assembly in San Juan has \$142,800. It seems disproportionate taking into account that LACRALO is scheduling its' GA outside its' region. Could this kindly be explained as a footnote?</p>	Alfredo Calderon	<p>The difference in budget is mainly driven by the estimated number of travelers. The LACRALO is budgeted for 60 travelers whereas the NARALO is budgeted for 20 travelers. In addition, the travel rates for the LACRALO tend to be slightly higher due to origination of the travelers.</p>
7	<p>Questions related to the "FY22 Draft Budget": page 12 Why the increase in GAC funded travelers to ICANN74 to 74 individuals, as displayed on the table, from previous meetings where only 40 are travelers funded?</p>	Alfredo Calderon	<p>The GAC funded travelers for ICANN74 in the Draft FY22 Budget should be 40 and this will be corrected in the Proposed for Adoption version to be published in May 2021. There will be 40 GAC travelers for ICANN74, same as for ICANN72 and ICANN73. The incremental 34 travelers were for two Additional Budget Requests that have been approved and incorporated as part of the ICANN core budget. This is for line items FY21-24 and FY21-25 represented in section 3.3.2 Additional Budget Requests and totals \$0.1M that will move <i>Other SO/AC Events</i> under section 3.3.1 <i>Constituent Travel</i>.</p>
8	<p>Questions related to the "FY22 Draft Budget": page 7 in 3.1.3 Expenses by Functional Activity when reviewing the spreadsheet there seems</p>	Alfredo Calderon	<p>The difference in these sets of headcount/FTE numbers is that the FY22 Budget Document refers to the "Average Headcount" whereas the numbers in the Expenses by Functional Activity file reflect headcount at the end of FY22. <i>Average Headcount</i> is used in the budget file because it best captures Personnel expenses, however</p>

	<p>to be a discrepancy with the 'Average Headcount Trends' written in the document. The spreadsheet has an FTE of 400 for FY2021 versus an FTE of 410 for FY2022. Is there a different definition of 'Headcounts' versus FTE? If that is the case it would good to add those to the Glossary of Terms.</p>		<p><i>Ending Headcount</i> is used when it is important to understand headcount at a point in time. We will make these differences clearer in the headings/footnotes and add an explanation in the Glossary.</p>
9	<p>Questions related to the "FY22 Draft Budget": page 14 The first paragraph "After a review of the approved FY21 Adopted Budget ABRs, ICANN org determined that six ABRs should be included in the core ICANN FY22 budget and, as such, will not be eligible for ABR submissions in the FY22 budget cycle. With effect from FY22, the following activities will be moved to the core ICANN budget, to be planned and budgeted for on an annual basis. It is important to note that moving activity to the core budget does not guarantee that it will be funded each year (my emphasis)." How early in the following FYXX budgeting planning will a community know if the activity will continue to be in the "Core budget" or will need to submit a new ABR?</p>	Alfredo Calderon	<p>If any previous core budget items are no longer in the core budget, the community will be notified when the Additional Budget Requests (ABR) kickoff period starts, and items need to be submitted for ABR approval.</p>

10	Questions related to the "FY22 Draft Budget": page 19 The 5.1 Multiyear View Table indicates that for FY23 & Beyond Forecast the New gTLD Applicant Fees is 17, is this a two-year forecast?	Alfredo Calderon	Yes, the <i>FY23 and Beyond Forecast</i> is a two-year forecast. During the fiscal year ended 30 June 2020, management extended the estimated end date of the New gTLD Program 2012 Round until June 2024. This change is based on anticipated activities required to review all outstanding applications.
11	What is the budget allocation for the African Region and what are the priority activities to be undertaken with ICANN and its stakeholders within African Region from the allocated budget?	Matogoro Jabera	<p>ICANN's Global Stakeholder Engagement (GSE) team leads engagement and outreach around the world through local coverage in eight GSE regions, including the Africa region. The team's operating activities are listed from page 102-108 for FY 22-26, and page 271-277 for FY22. For the African region, engagement priorities are set in collaboration with the regional community. See the Africa Regional Engagement Plan for FY21-25, https://www.icann.org/news/blog/the-africa-regional-plan-for-fy21-25-what-it-means</p> <p>Budget allocation is on an annual basis. Please see page 273 for GSE's FY22 Draft Budget. There is no separate budget allocation by region.</p>
12	Why does the 21-26 OP indicate that Evolve and Strengthen the MSM is \$4.3 over 5-years for 35 FTE, when p. 254 of the current budget provides 34 FTE \$5.4 in personnel and \$1.7 in Non-Personnel?	Berry Cobb on behalf of GNSO Council - Standing Committee on ICANN's Budget & Operations (SCBO)	<p>The \$4.3M on page 26 is the midpoint estimate for the Operating Initiatives requiring resources in addition to the plans indicated in the functional activities for FY 22-26. This amount is phased out through FY 22-26.</p> <p>The resources on page 254 are projected expenses for FY22.</p> <p>Please also see page 181 for more details of <i>Operating Initiatives - Financial Estimates</i>.</p>
13	Is there any way to determine budgets set forth for Operating Initiatives?	Berry Cobb on behalf of GNSO Council - Standing Committee on ICANN's Budget & Operations (SCBO)	<p>The estimates for the Operating Initiatives are included on page 180, <i>FY22-26 Financial Projection</i>, and page 181 to 182, <i>Operating Initiatives - Financial Estimates</i>.</p> <p>Financials for Operating Initiatives are estimated for initiatives that require additional resources in addition to the plans indicated in the functional activities for FY22-26. These amounts are an incremental cost. The other initiatives are either already being worked on and will be funded within the budget for the functional activity, or will be funded separately.</p>

14	What documents does ICANN Finance use to forecast FTE and resources dedicated to Policy Development, Policy Research and Planning?	Berry Cobb on behalf of GNSO Council - Standing Committee on ICANN's Budget & Operations (SCBO)	All ICANN departments and functions provide inputs to the planning team through budget templates and operating plan documents, both of which drive the resources reflected in the published planning documents.
15	What document is used to track FTE's and resources dedicated to Policy Development, IRTs, Reviews and GNSO Operations?	Berry Cobb on behalf of GNSO Council - Standing Committee on ICANN's Budget & Operations (SCBO)	All ICANN departments and functions provide inputs to the planning team through budget templates and operating plan documents, both of which drive the resources reflected in the published planning documents.
16	I have some doubts about the New gTLD funds. First, I understand the amount of interests or investment gain will be close to 0. In the highlights, the amount of the fund of New gTLD (ngtld) for the forecasted FY21 is 80, and the amount for the budget FY22 is 75. But according to the table in page 19 of the FY22 budget, there is an estimated cost of 5 (consistent with the fund numbers), but an income of 8, for a net of +3. This +8 doesn't seem to go either to the auction proceeds fund, that is growing only +5.	Ricardo Holmquist	The \$8M of New gTLD Applicant fees in the FY22 Draft Budget is funding that is being recognized (from an accounting standpoint) in FY22 -- it is not cash being received. The applicant fees were collected in 2012 and we have gradually recognized this funding as the program continues. Therefore, the only significant impact on the New gTLD funds in FY22 is the \$5M of operating expenses.

17	<p>Also, on page 20 of the FY22 Budget, there is a cash expense analysis. According to this analysis the funds should be 62 by the end of FY22, instead of 75. I am adding the 11 of predicted expenses in FY23 and beyond, to the 51 mentioned as "projected as remaining funds".</p>	Ricardo Holmquist	<p>The \$11M of <i>FY23 and Beyond Forecast</i> is already included in the \$257M of forecasted total program expenses and is therefore reflected in the \$51M of projected remaining funds.</p> <p>The New gTLD Application Fees correspond to the unspent portion of the New gTLD Program application fees, collected from applicants during the application window in 2012. The funds are used to evaluate the applications and to cover hard-to-predict costs, including risks</p> <p>The \$75M of New gTLD Application Fees reflects the FY22 year-end balance. The net remaining fees of \$51M represents a forecast for the remaining amount at the end of the program.</p>
18	<p>Finally, in the actual proceeds, there is an increase of +5 from FY21 to FY22. Are those coming from the predicted incomes for ngTLD?, or are those interests?, if so, why this fund have interests gains, and the ngTLD funds not?</p>	Ricardo Holmquist	<p>There are nominal interest gains in the New gTLD Application Fees, which are offset by the FY22 expenses (slightly more than \$5M). We are also projecting nominal interest gains in the Auction Proceeds which stand out because the base is higher and there are no offsetting costs.</p>