Draft PTI FY24 Operating Plan and Budget

Public Technical Identifiers (PTI)
September 2022

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Highlights

In July 2022, preliminary consultations were conducted with stakeholders on FY24 priorities for Public Technical Identifiers (PTI). These engagements were in the form of discussions with the Customer Standing Committee (CSC), as well as the Regional Internet Registries (RIRs), Trusted Community Representatives (TCRs) and Internet Engineering Task Force (IETF) leadership. The team also held webinars, which were publicly available for any interested party to join. This early engagement did not show a need for change to the proposed priorities. This Operating Plan and Budget sustains the current performance of the IANA services and continues efforts to incrementally improve systems and processes. This plan does not envisage significant new undertakings, and is aligned with PTI's obligations set forth in its Bylaws and the *PTI Four-Year Strategic Plan.*

Consistent with the changes implemented last year, the activities laid out in the FY24 plan will be divided into four areas of focus: operations, operational excellence, governance and technical services. The first three areas will likely remain stable every year as they involve day-to-day operational and administrative work, contractual deliverables, customer surveys, quality assurance, organizational assessments, audits, staff management and Board support. The technical services focus area, however, will include distinct projects aimed at evolving systems and processes used to deliver the IANA functions.

For FY24, the team will continue its efforts to improve the root zone management system (RZMS) and the registry workflow system used for protocol parameter assignments (codenamed Opal). The team also plans on completing further enhancements to the iana.org website and to key management facilities and modernizing the reverse DNS API. Multi-year projects that are starting in FY23 will remain a priority. These include conducting the next key rollover, and continuing a research effort with the community to develop an operational approach to support new cryptographic algorithms in the DNS root zone. Lastly, PTI staff plans to complete the testing and new credentials for Recovery Key Share Holders.

It is important to note that the information included in this plan is strictly for the work to be conducted by PTI to deliver IANA services. The *FY24 PTI Operating Plan and Budget* represents about 90% of the *FY24 IANA Operating Plan and Budget* so it is critical that both plans are thoroughly reviewed. The Planning Process Overview section will further explain the differences between both these plans.

Introduction

About PTI

Public Technical Identifiers (PTI) is an affiliate of ICANN and, through contracts and subcontracts with ICANN, is responsible for providing the IANA functions. PTI's Bylaws require the organization to develop its own annual PTI Operating Plan and Budget.

About IANA

The Internet Assigned Numbers Authority (IANA) is the function of ICANN responsible for coordinating some of the key elements that keep the Internet running smoothly. While the Internet is renowned for being a worldwide network free from central coordination, there is a technical need for some key parts of the Internet to be globally coordinated and this coordination role is undertaken by IANA. Specifically, the IANA team allocates and maintains unique codes and numbering systems that are used in the technical standards (protocols) that drive the Internet. IANA's activities can be broadly grouped into three functions:

IANA Naming Function

The IANA naming function includes:

- Providing oversight and management of the root zone for the Domain Name System (DNS). The root zone defines top-level domains (TLDs), and this work includes receiving and evaluating changes against policies and operational requirements
- Protecting the trust anchor for the DNS, including performing key signing ceremonies to maintain community confidence in the system
- Providing oversight and management of the .INT TLDs for intergovernmental treaty organizations
- Fostering support for Internationalized Domain Names (IDNs) by maintaining a shared repository of IDN practices and label generational rulesets (LGRs) across TLDs

Operational information on the IANA naming function is available on the IANA website.

IANA Numbering Function

The IANA numbering function consists of the administration of Internet number resource registries in accordance with global policies, and any applicable and mutually acceptable and agreed upon guidelines and procedures, including:

- Allocation of Internet number resources (IP addresses and Autonomous System Numbers) to RIRs
- Management of returned Internet number resources
- Maintenance of general Internet number registries
- Administration of the unicast portion of the special-purpose "in-addr.arpa" and "ip6.arpa" DNS zones

Operational information on the numbering function is available on the [IANA website](#).

IANA Protocol Parameter Function

The IANA protocol parameter function consists of assigning and registering Internet protocol parameters in accordance with the criteria and procedures specified in Internet technical standards. These standards are usually published in the form of Requests for Comments (RFC) documents issued through the Internet standardization process conducted within the IETF.

Protocol parameters are a broad set of unique identifiers that are used in multitudes of applications, each with unique allocation criteria and administrative procedures. Both registration, and publication of the assignments made within the thousands of protocol parameter registries that IANA administers, is open to the public and provided free of charge. Operational information on protocol parameters is available on the [IANA website](#).

Planning Process Overview

The planning process for PTI is part of ICANN's broader planning process. The key drivers that inform the PTI operating plan and budget are the [PTI Strategic Plan](#) and the ICANN [Strategic](#) and [Operating](#) Plans. PTI's plans represent a subset of the overall ICANN plans that pertain to the successful delivery of the IANA functions.

PTI Strategic Plan

The PTI Board worked closely with the IANA staff, ICANN org and members of the community to develop an inaugural [strategic plan](#) for July 2020 to June 2024. This plan

provides an in-depth look at the IANA-related strategic objectives that will help PTI continue to provide secure and accountable management of the Internet's unique identifier systems.

The requirement for a dedicated strategic plan comes from [PTI's Bylaws](). This mandate provides an opportunity to explore the IANA-related objectives in greater detail while remaining aligned with the goals and initiatives outlined in ICANN's [Five-Year Strategic Plan]() and [Five-Year Operating Plan]().

PTI and IANA Operating Plans and Budget

To satisfy ICANN Bylaw requirements, each year a distinct operating plan and budget (OP&B) is developed for PTI which includes all costs directly related to the delivery of the IANA services, including developing enhancements, reporting performance and continuous improvement activities. This OP&B is submitted to both the PTI Board and ICANN Board at least nine months before the fiscal year begins (PTI Bylaws, Article 9, §9.2(a)). The PTI OP&B is a document that is reviewed and approved by the PTI Board.

Additionally, ICANN's Bylaws require a IANA operating plan and budget (IANA OP&B) that is inclusive of both the PTI OP&B, and additional costs incurred by ICANN org in supporting and enabling PTI's performance of the IANA functions. (ICANN Bylaws, Article 22, §22.4(b)). The structure of the PTI OP&B is illustrated in Figure 1.
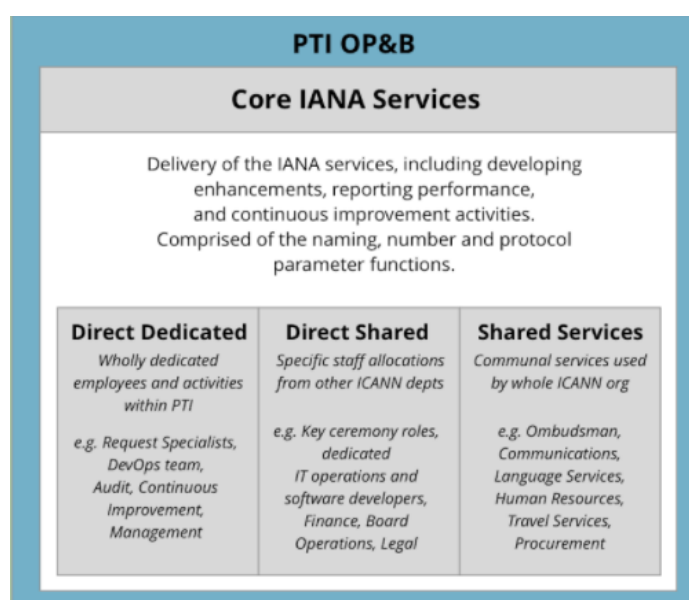

Figure 1: What is included in the PTI OP&B

The PTI OP&B is included in the IANA OP&B which, in addition to direct costs, will also include costs incurred by ICANN to oversee PTI's performance of the IANA functions, plus costs solely incurred to enable IANA functions, as illustrated in Figure 2.
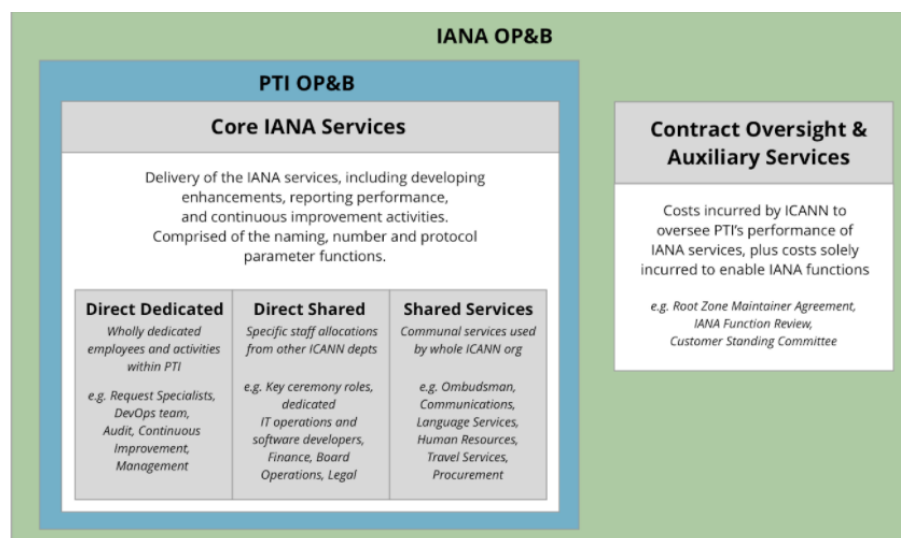

Figure 2: What is included in the IANA OP&B

Development of both plans are the result of various forms of community engagement. Targeted engagement is performed early in the development process and complete drafts are subject to ICANN's Public Comment process. Feedback received is considered and integrated as appropriate, and the resulting documents are put for Board adoption. The PTI Board specifically reviews the PTI OP&B, whereas the ICANN Board reviews the IANA OP&B as a component of the broader ICANN operating plan and budget, illustrated in Figure 3. The ICANN Board is responsible for approval of the IANA OP&B, and the ICANN Board's approval of the IANA OP&B is informed by the PTI Board's prior approval of the PTI OP&B. The ICANN Board is also responsible for the approval of ICANN's overall operating plan and budget.

The PTI OP&B forms the basis for ICANN's funding of PTI. The PTI FY24 OP&B includes activities to be carried out during FY24 and displays all resources in cost categories for each service.
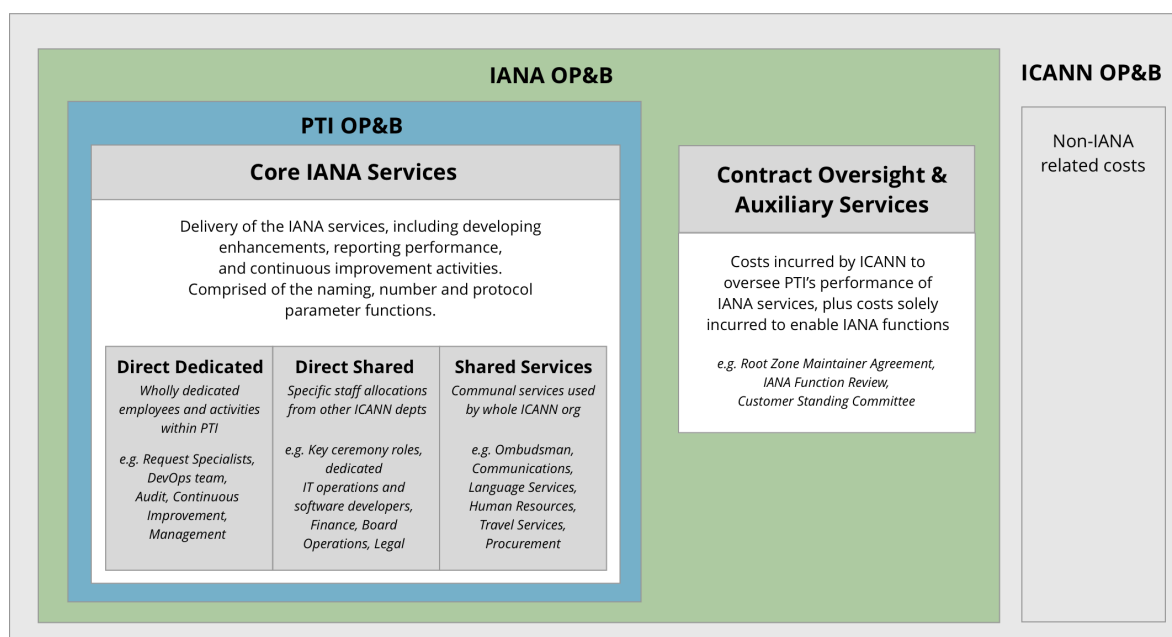
Figure 3: What is included in the ICANN OP&B

FY24 PTI Planning Assumptions

Strategy

To ensure the PTI FY24 objectives are correctly captured in its four-year strategic plan, PTI reviewed the IANA operating initiatives and functional activities as laid out in the *Five-Year ICANN Operating Plan*. In addition, PTI participated in ICANN's strategic outlook process conducted in partnership with the community and evaluated whether there were new trends, risks and opportunities to consider before defining annual objectives. In a PTI Board meeting in July 2022, the PTI Board reviewed its four-year strategic plan to evaluate if any changes should be made to the PTI FY21-FY24 Strategic Plan. The PTI Board confirmed that no changes were necessary to the *PTI FY21-FY24 Strategic Plan*.

Financials

A key assumption in developing the *FY24 PTI Budget and* corresponding *FY24 IANA Operating Plan and Budget*, is that funding for the IANA functions and the activities laid out in the *FY24 PTI OP&B* will remain a priority for ICANN. PTI is expected to exercise careful cost controls in its operations.

Personnel costs are the highest expenses in the PTI budget, so carefully planning for resources is critical. For FY24, additional headcount may be required but is not included in this budget to align with ICANN's common process for approving and budgeting for new positions. ICANN budgets a certain amount of headcount turnover and growth each year, but new positions are not allocated to the functional activities until they are hired. This process allows the organization to strategically evaluate each new hire, controlling headcount growth and ensuring proper allocation of resources. Should PTI require additional headcount in FY24, resources will be prioritized using this budgeting and approval process.

Operations

The volume of transactions performed across the IANA functions typically shows a modest year-on-year increase, and this is expected to continue for the scope of the existing services. Historically, this organic growth has been partially offset through efficiencies realized by improving internal processes, training and systems. In the past 12 months, the IANA functions have comprehensively met service level agreements (SLAs) with respective community groups, and it is expected that this will continue.

Customer feedback received through various surveys show that satisfaction with PTI's performance and engagement remains high, but customers are still requesting that systems be enhanced to meet technological advancements and mitigate security threats. Although PTI can assume, based on high satisfaction, that the character of the operational work will remain mostly unchanged for the next fiscal year, the current allocation of PTI's Direct Dedicated resources poses a risk to timely delivery of key projects. The relatively small team of highly specialized individuals juggle between meeting contractual deliverables and SLAs, and also serving as subject matter experts to the various system improvements and policy implementation projects.

PTI has partially resumed normal operations of Key Signing Key (KSK) ceremonies in FY23 and assumes normal operations will have fully resumed by FY24. However, contingency plans that were put in place and allowed for successful operation of the KSK ceremonies through the COVID-19 pandemic will remain in place if face-to-face meetings and travel continue to be impacted. Activation of contingency plans is anticipated to have no material fiscal impact beyond typical operational costs.

Stakeholder Engagement

For FY24, the planning and budgeting forecast anticipates a full return to face-to-face meetings and engagement at pre-pandemic levels. Travel and engagement activities have partially resumed during FY23 and the future outlook is improving. This is a practical assumption, intended to ensure that the organization is prepared to resume travel based on historical levels, while leaving room for adjustment because of permanent or ongoing challenges related to pandemic health concerns.

The FY24 OP&B includes engagement activities with stakeholders such as the Customer Standing Committee (CSC), the Regional Internet Registries (RIRs), Trusted Community Representatives (TCRs) and Internet Engineering Task Force (IETF) leadership in addition to travel to ICANN public meetings and other regional meetings

Community Recommendations

As the ICANN Board reviews recommendations from the various community-led reviews and policy development processes, PTI will remain available for implementation of Board-approved recommendations. However, PTI intends to follow ICANN's structured planning and prioritization process; and therefore, any ongoing review and policy-related work that is not yet Board-approved will not be included in the *FY24 PTI Operating Plan and Budget*. Contingency is included in the FY24 PTI Operating Plan and Budget and represents an amount of budgeted expense unallocated to specific activities or departments.

Examples of review and policy-related work that is not yet approved for implementation by the requisite parties, and thus are not included in these plans are:

1. Subsequent phases of implementing separation of .ARPA from root zone operations as described in RFC 9120
2. Operationalizing work relating to TLD variants
3. Implementation of policies under development or design assessment, such as:
   a. Subsequent Procedures for New gTLDs
   b. Permanent approach to IDN ccTLD Strings to replace the current "fast track"
   c. A new decision review mechanism for ccTLD delegations and transfers
   d. A root server governance model

FY24 PTI Operating Plan

PTI published its first dedicated strategic plan covering fiscal years 2021–2024 with a refreshed vision and strategic goals that help achieve ICANN's objective to "evolve the unique identifier systems in coordination and collaboration with relevant parties to continue to serve the needs of the global Internet user base."[1]

The PTI OP&B details how the organization will operationalize the work each fiscal year to achieve the targeted outcomes of both PTI and ICANN's strategic objectives.

Scope of work

PTI operationalizes work using four focus areas: operations, operational excellence, technical services and governance. The activities described in each scope of work is guided by the *PTI FY21-24 Strategic Plan* as described in this section. When combined, the scope listed below will form the direct dedicated cost portion of the *PTI OP&B*. The FY24 PTI Budget Section will further explain direct dedicated and direct shared costs.

Operations

PTI's core operations include project and non-project-based work dedicated to meeting contractual deliverables and the delivery of the IANA functions. The operational work of IANA has remained consistent through the years:

- Conducting the daily activities required to provide the IANA functions in accordance with SLAs such as:
    - Processing root zone, protocol parameter and number-related requests
    - Responding to general inquiries
    - Generating and publishing various performance reports
    - Facilitating community understanding of the functions to inform future policy development and provide subject matter expertise as needed
    - Maintaining active relationships through community engagement
- Maintaining systems and processes to ensure secure and high availability of IANA critical internet infrastructure

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[1] ICANN Strategic Plan. PDF file. June 24, 2019.
https://www.icann.org/en/system/files/files/strategic-plan-2021-2025-24jun19-en.pdf

- Ensuring IANA systems are available and working with partners to facilitate the successful operation of essential infrastructure, such as the DNS root zone.
- Safely storing and managing the root zone KSK, including performing ceremonies and other activities to promote system trust
- Verifying fitness of the systems and processes

These activities support the PTI strategic plan as follows:

PTI FY21-FY24 Strategic Plan Strategic Objectives	PTI FY21-FY24 Strategic Plan Strategic Goals
TRUST Maintain stakeholders' trust that IANA is the proper home for enabling global interoperability through unique identifier coordination.	1.2 Continuing to build on engagement efforts with oversight bodies such as the IETF leadership, RIRs, CSC, and SO/ACs, as well as with the broader Internet community that uses the IANA services. 1.3 Maintaining the high level of transparency within the IANA performance reporting practices.
SECURITY Monitor and adapt to security threats and ensure resilient and secure IANA operations.	2.2 Performing key ceremonies with high levels of transparency and accountability and improving key management facilities to mitigate security threats and maintain facility quality.
DELIVERY OF SERVICES Continue to drive the implementation of operational initiatives to enhance the delivery of services based on the needs of the IANA customer.	3.1 Performing the IANA functions in accordance with contractual obligations. 3.3 Ensuring operational readiness for evolving and future technologies and programs.

Operational Excellence

PTI has historically focused on continuous improvement. The team regularly evaluates overall capabilities, assesses its strengths and identifies opportunities to enhance the delivery of the IANA functions. The work done to execute such evaluations and assessments as well as to prioritize, plan and monitor the identified improvement areas are part of PTI's operational excellence focus area. In FY24 the team plans to include enhancements that

align with the maturity level of PTI and further validates its commitments to continuous improvement:

- Engaging a third-party auditor to assess the IANA Registry Assignment and Maintenance Systems (RAMS) using the Service Organization Controls 2 (SOC2) Framework and the DNSSEC systems and processes using the Service Organization Controls 3 (SOC3) Framework
- Reevaluate information security audit practices to ensure new systems and processes are placed in scope and that the SOC framework continues to meet the needs of the organization
- Conducting an annual customer engagement survey
- Planning and executing a table-top exercise to test the Contingency and Continuity of Operations Plan (CCOP) and identify strengths and areas for improvement
- Ensuring operational excellence recognition by engaging an independent assessor from the European Foundation for Quality Management (EFQM) to validate PTI's processes and procedures
- Monitoring and reporting of performance and customer satisfaction
- Monitoring and controlling schedule, risks, budget and quality of ongoing projects

These activities support the PTI strategic plan as follows:

PTI FY21-FY24 Strategic Plan Strategic Objectives	PTI FY21-FY24 Strategic Plan Strategic Goals
OPERATIONAL EXCELLENCE Monitor the delivery and performance of the IANA functions to achieve operational excellence.	4.1 Performing regular qualitative and quantitative analysis and review of business processes and service delivery through feedback mechanisms such as customer surveys and third-party audits. 4.2 Enhancing the established project management culture across the organization to ensure timely delivery of projects within the IANA Portfolio. 4.3 Monitoring key performance indicators to ensure performance is in line with established

	service level agreements (SLAs), and remains trusted, relevant and fit-for-purpose.

Technical Services

The technical services area focuses on system engineering and maintenance, software enhancements, tool development, website administration and other discrete development projects to improve delivery of the IANA functions. In FY24 the focus areas are:

- Significant re-evaluation and redesign of the iana.org website, including mobile accessibility
- Registry Workflow System (Opal) project
  - Refresh the protocol matrix page and associated registry pages including searching and information hierarchies
  - Refresh submission forms
- Continuing to evolve and adapt the RZMS to support increased customer demands and the evolution of underlying community-developed policies
  - User experience improvements – deeper review of common interactions and identifying opportunities to make them simpler
  - New credential options (e.g., multi-factor authentication)
  - Granular technical checks, with minor issues easier to evaluate and dismiss by managers
  - Implement new technical checks based on community engagement
  - Comprehensive APIs for TLD managers
  - Integrate feedback from the community on next the generation platform
- Providing root zone DNSSEC management enhancements
  - Continued from FY23: work alongside community experts on a potential operational approach to support new cryptographic algorithms in the DNS root zone (also known as an 'algorithm rollover')
  - Continued from FY23: follow up projects relating to the next key rollover. This may include facilitating discussions with community experts to develop formal procedures to specify the details of future key rollovers and conducting tabletop exercises
- Evaluating, planning and implementing enhancements to Key Management Facilities (KMF)

- ○ Recall the recovery key shareholders to test their cards and to generate new card sets; establish periodic test/recall schedules
- ○ Rotation of trusted community representatives with new volunteers

These activities support the PTI strategic plan as follows:

PTI FY21-FY24 Strategic Plan Strategic Objectives	PTI FY21-FY24 Strategic Plan Strategic Goals
SECURITY Monitor and adapt to security threats and ensure resilient and secure IANA operations.	2.1 Ensuring the systems used to deliver the IANA functions conform with relevant and trusted security standards, and security practices are enhanced as appropriate. 2.2 Performing key ceremonies with high levels of transparency and accountability and improving key management facilities to mitigate security threats and maintain facility quality.
DELIVERY OF SERVICES Continue to drive the implementation of operational initiatives to enhance the delivery of services based on the needs of the IANA customer.	3.2 Evolving the systems that manage the workflow of change requests and publish registry data.

Governance

Overall management and oversight are needed to ensure PTI's performance of the IANA functions properly fulfill their mandate to enable global interoperability of the Internet through unique identifier coordination. The work in this area also supports ICANN org in its governance efforts to sustain and improve openness, inclusivity, accountability and transparency.

- Conducting strategic planning and implementation
- Serving as subject matter experts to cross functional operating initiatives as laid out in the ICANN 5 Year Operating Plan
- Providing personnel management that includes career development plans, performance management cycles and professional training opportunities
- Engaging with IANA stakeholders and broader community groups through active

participation in customer-related activities such as conferences, meetings and other community events

- Monitoring compliance with regulatory requirements
- Conducting risk management activities
- Performing budget management activities

These activities support the PTI strategic plan as follows:

PTI FY21-FY24 Strategic Plan Strategic Objectives	PTI FY21-FY24 Strategic Plan Strategic Goals
TRUST Maintain stakeholders' trust that IANA is the proper home for enabling global interoperability through unique identifier coordination.	1.1 Working closely with the wider ICANN org and partners to monitor and raise awareness of industry trends that help identify whether IANA is being properly utilized to coordinate evolving unique identifiers.
GOVERNANCE Support ICANN org in its governance efforts to sustain and improve openness, inclusivity, accountability and transparency.	5.1 Supporting the various review processes conducted by the community that pertain to the IANA function. 5.2 Reducing unnecessary complexity and duplication between what is in scope for IANA and ICANN. 5.3 Identifying opportunities to streamline oversight agreements and contracts.

FY24 PTI Budget

Funding

PTI is the affiliate of ICANN, which is responsible for the operations of the IANA functions. PTI invoices ICANN org every quarter for performing those functions. ICANN, in accordance with its Bylaws, contracts with PTI to perform the IANA functions. ICANN org is committed to providing the funding of PTI for the IANA functions. ICANN org has a sustainable model of funding expected to generate approximately $150 million per year, which allows ICANN org to confidently commit to the funding of PTI.

FY24 PTI Budget Overview

The *PTI OP&B* covers three types of costs: direct dedicated, direct shared and shared support function allocations.

PTI Direct Dedicated Expenses

Direct dedicated costs are for resources fully committed to delivering the IANA functions. The list of activities included in the direct dedicated costs are shown in the FY24 PTI Operating Plan Section of this document. The total cost of the activities listed in the FY24 PTI Operating Plan Section is $5.2 million.

PTI currently has 17 direct dedicated Full-Time Equivalents (FTE).

Focus Area	FY24 FTE Direct Dedicated
Operations	6.2
Operational Excellence	3.6
Technical Services	5.0
Governance	2.2
Total	17.0

PTI Direct Shared Expenses

PTI relies upon staff within the ICANN org, which provide material support to PTI as a dedicated component of their key responsibilities. This includes staff tasked with being officers of the company, as well as personnel from specialized functions. For example, ICANN org provides PTI with the baseline security capabilities of ICANN org for securing its systems and software, and implementing company-wide approaches to threat identification, response and mitigation. PTI additionally has direct shared allocations that pertain to its unique requirements such as its control audits and management of the root zone KSK. The total cost for direct shared expenses is $2.7 million.

The list of functions and activities included in the direct shared costs are:
- Finance & Planning
  - Annual Operating Plan and Budget

- ○ Financial Audit and Tax Processes
- HR & Facilities
  - ○ Administration and Rent for Los Angeles Office
- Engagement
  - ○ Supporting Organizations and Advisory Committees (SO and AC) Engagement
  - ○ DNS Industry Engagement
  - ○ Technical Engagement
- Governance Support
  - ○ Legal
  - ○ PTI Board Support
- Engineering and IT
  - ○ Key Signing Key Ceremony Support
  - ○ Software Development
  - ○ Security

ICANN currently allocates 5 direct shared FTE to support PTI.

Focus Area	FTE Direct Shared
Operations	1.3
Operational Excellence	1.3
Technical Services	2.2
Governance	0.8
Total	5.6

PTI Shared Support Functions with ICANN

ICANN support functions provide a baseline set of services in common with the rest of ICANN org, which help the PTI team members deliver on all aspects of their work. Examples of these functional services that ICANN org provides include human resources, finance and administration. A portion of the costs incurred by ICANN org for these supporting functions is allocated to PTI. ICANN org determines the allocated amount by calculating the total support functions expense as a percentage of the total ICANN operations costs, excluding the cost

of dedicated direct shared costs, as noted above. This percentage for support functions is applied to the FY24 PTI costs (dedicated and shared) to determine the support function allocation for PTI. For FY24 the total cost for these support functions shared with ICANN are $2.7 million.

The list of Shared Support Functions with ICANN are:
- Global Human Resources and Administrative Services
- Board Operations
- Global Communications and Language Services
- Complaints Office
- Engineering and IT
- Security Operations
- Governance Support
- Global Support Center
- Ombudsman
- Finance & Planning
- Nominating Committee Support
- Executive Support

PTI Total Expenses

FY24 Grand Total Including Support Functions Shared with ICANN							
	FTE	Personnel	T&M	Prof Svcs	Admin	Capital	Total
Direct Costs / Dedicated resources	17.0	$3.5	$0.2	$1.3	$0.1	$0.1	$5.2
Direct Costs / Shared Resources	5.6	$1.5	$0.1	$0.5	$0.6	$0	$2.7
Support Services Allocations	0.0	$1.7	$0.1	$0.5	$0.3	$0	$2.6
Total	22.6	$6.7	$0.4	$2.3	$0.9	$0.1	$10.5

Due to rounding, numbers presented may not add up precisely to the totals indicated.

PTI Budget Variance

The *Draft FY24 PTI Budget* is $10.5 million, which is $0.6 million higher than the FY23 budget.

FY24 PTI Budget in Millions, USD	FY24 Budget	FY23 Budget	Under/(Over)		FY22 Actuals	Under/(Over)	
			Total	%		Total	%
FUNDING	**$10.5**	**$9.8**	**($0.6)**	**-6.5%**	**$8.1**	**($2.4)**	**-29.1%**
Personnel	$6.7	$6.3	($0.4)	-6.7%	$6.3	($0.4)	-6.6%
Travel & Meetings	$0.4	$0.5	$0.1	24.9%	$0.1	($0.3)	-397.1%
Professional Services	$1.8	$1.3	($0.5)	-41.6%	$0.9	($0.9)	-101.2%
Administration	$0.9	$0.9	($0.0)	3.1%	$0.8	($0.1)	-18.5%
Contingency (a)	$0.5	$0.5	$0.0	0.0%	$0.0	($0.5)	0.0%
Capital	$0.1	$0.3	$0.2	68.3%	$0.0	($0.1)	-345.7%
Depreciation (b)	$0.0	$0.0	$0.0	0.0%	$0.0	($0.0)	-101.6%
TOTAL CASH EXPENSES	**$10.5**	**$9.8**	**($0.6)**	**-6.5%**	**$8.1**	**($2.4)**	**-29.1%**
EXCESS/(DEFICIT)	**$0.0**	**$0.0**	**$0.0**	**0.0%**	**$0.0**	**$0.0**	**0.0%**
Average Headcount (FTE) (c)	22.6	22.0	(0.6)	-2.9%	21.6	(1.0)	-4.8%

(a) Contingency is an amount included in the budget but not allocated to specific activities; it can be used for unforeseen costs or to cover the difference between budgeted and actual costs
(b) Depreciation is treated as a cash expense for PTI since it will be reimbursed to ICANN
(C) FTE: Full-Time Equivalent

Due to rounding, numbers presented may not add up precisely to the totals indicated.

The key comparisons to the previous year's budget are:

- Personnel costs are $0.4 million higher, due to an ICANN standard three percent inflationary adjustment for standard of living increases, promotions and health care benefits costs

- Travel and meetings, including travel and venue costs for outreach, meetings, and PTI Board activities are lower than FY23 budget due to fewer trips planned

- Professional services costs are $0.5M higher than FY23 budget due to incremental costs for legal fees, audit services, consulting fees and contractor services. The FY24 budget includes $0.3M of additional new expenses for an algorithm rollover study and iana.org website improvements

- Administration costs are slightly higher than FY23 budget due to incremental costs for rent and other facility costs, software, and general office expenses. Capital costs are lower than the FY23 budget as some previously budgeted costs for root zone software development are no longer being capitalized and ongoing development work is included as a professional service cost

Contingency is an amount included in the FY24 budget that is not allocated to specific activities and can be used for unforseen costs. If economic pressures cause incremental inflation over past trends, the contingency amount will be used to cover these hard to predict cost increases.

The key comparisons to the FY22 actuals are:

- Personnel costs are $0.4 million higher, due to incremental headcount and an ICANN standard three percent inflationary adjustment for standard of living increases, promotions and health care benefits costs
- Travel and meetings, including travel and venue costs for outreach, meetings, and PTI Board activities are $0.3M higher due to anticipated travel returning to pre-pandemic levels
- Professional Service and Administrations costs are $1.0M higher than FY22 due to incremental services such as the algorithm rollover study and iana.org website improvements as well as higher costs from economic inflation
- Contingency expenses of $0.5M are included in the FY24 budget, but no contingency usage was needed in FY22

Budget Variance by IANA Function

The IANA functions are contracted to PTI according to three contracts, reflecting the three key client communities of the functions. The tables below allocates expenses and funding to these three groups, namely: Names, Numbers and Protocol Parameters.

PTI Services In Millions, USD	FY24 Budget				FY23 Budget				FY24 Budget vs FY23 Budget			
	Names	Numbers	Protocol Parameters	Total	Names	Numbers	Protocol Parameters	Total	Names	Numbers	Protocol Parameters	Total Variance
Direct costs / Dedicated resources	2.4	1.2	1.6	5.2	2.6	1.0	1.5	5.1	(0.2)	0.2	0.1	0.1
Direct costs / Shared resources	1.4	0.5	0.7	2.7	1.1	0.4	0.7	2.2	0.3	0.1	0.1	0.5
Support Services Allocations	1.2	0.6	0.8	2.6	1.3	0.5	0.7	2.5	(0.1)	0.1	0.1	0.1
Total	**$4.8**	**$2.4**	**$3.3**	**$10.5**	**$5.0**	**$1.9**	**$2.9**	**$9.8**	**($0.0)**	**$0.4**	**$0.3**	**$0.6**

The expenses by client community vary slightly to the FY23 Budget distribution due to a realignment of personnel support and professional services. More personnel was allocated to the Numbers function after review of the direct dedicated staff support levels. In addition,

a greater portion of the professional services for audits and security testing has been allocated to Protocol Parameters.

For both the PTI total expenses and FY24 PTI budget variance charts shown above, the dollar figures are in millions of U.S. dollars with a granularity of $100,000. Due to rounding, numbers presented may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures. An absence of an expenditure is shown with a dash.

Appendix

FY24 IANA Operating Plan and Budget
The *FY24 IANA Operating Plan and Budget* comprises the full *FY24 PTI Operating Plan and Budget*, as well as other costs associated with governance and delivery of IANA functions, which are not performed directly by PTI. The draft *FY24 IANA Operating Plan and Budget* can be reviewed here.

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