

Document 1: Internet Corporation for Assigned Names and Numbers (ICANN) Proposed Adopted FY19 Operating Plan and Budget Introduction and Highlights

18 May 2018



PROPOSED ADOPTED ICANN FY19 PLANNING DOCUMENTS

This is part of a series of documents that together form the ICANN annual update to the fiscal Operating Plan and Budget.

You are currently reading the document highlighted in light blue in the table below.

Document Number	Document Name	Description of Contents
1	FY19 Budget Introduction & Highlights	Overview of the key elements of the draft FY19 plans
2	FY19 Total ICANN Budget	High-level review of the draft FY19 budget
3	FY19 Key Projects & Activities	Information on key cross-functional projects and activities planned for FY19
4	FY19 Operating Plan	Section 1: Summary of 6 modules of work planned for FY19 Section 2: Breakdown of the operating plan with the budget by strategic goal
5	FY19 Five-Year Operating Plan Update	High-level five-year perspective on the operations ICANN undertakes to implement its strategic plan
6	FY19 Excel Spreadsheet	Detailed breakdown of the budget for each project

To get the most out of this document series, please make sure you first read the Introduction and Highlights document. Then, each document is standalone and can be reviewed separately in no specific order, dependent on your interest.

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ICANN FY19 Operating Plan and Budget Overview

ICANN FY19 Budget Highlights Introduction

This document provides key highlights and an overview of the FY19 Budget as presented in the Proposed Adopted FY19 Operating Plan and Budget that was published for public comment on January 19, 2018. It summarizes ICANN's planned FY19 activities for its financial year ending 30 June 2019. The key changes made as a result of public comment and some corrections are summarized below.

The operations of Public Technical Identifiers (PTI) are a part of ICANN's total operations and these planned activities are included in the ICANN budget.

ICANN welcomes and recognizes the diverse participation from stakeholders as we've continued to evolve ICANN's planning process (including the strategic plan, operating plan, budget or on-going operational and financial updates).

Highlights - FY19 Operating Plan and Budget Changes from Draft to Final

As a result of public comments received and new information on the Operating Plan and Budgets by portfolio and projects below is a summary of the key changes from the Draft FY19 Operating Plan and Budget that was published for public comment:

Changes to Funding

- Meeting Sponsorships reduction – external sponsorships for ICANN meetings has decreased (\$0.3M)
- Increase in rate of growth for Legacy TLD transactions \$0.7M
- Decrease in rate of growth for New gTLDs transactions (\$1.7M)
- Decrease in Registry Fixed Fees (\$0.6M)
- Increase in Registrar Accreditation Fees \$1.7M.

Key Changes to Cash Expenses

- Fellowship Program Travel Funding \$151K: increase from 30 to 45 seats per meeting, and allocate the fellows to the SO/ACs for direct support during ICANN meetings.
- Community Regional Outreach Program \$50K: reinstate for travel support to ICANN-sponsored meetings (excludes sponsoring travel to non- ICANN meetings)
- ICANN Wiki \$66K: fund 2/3 of historical contribution in FY19, with progressive elimination of support over next 2 years.
- The funding of reviews has been reduced by \$0.8M, and a portion of the Contingency has been reserved for additional funding of reviews, should it be necessary.

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- GDPR estimates have been revised by \$1.2M due to new information on the resource requirements needed from ICANN org legal team for internal and Whois work.

FY19 Budget Highlights: ICANN Operations Overview

ICANN Operations FY19 funding is \$138 million and the baseline expenses total \$138 million. This results in a balanced budget.

ICANN Operations	FY17 Actuals	FY18 Adopted Budget ¹	FY18 Forecast ²	Proposed Adopted FY19 Budget
Funding	\$135	\$143	\$135	\$138
Cash Expenses	\$128	\$143	\$137	\$138
Funding from FY17 Savings (Approved by Board)	\$0	\$0	\$2	\$0
Excess/(Deficit)	\$6	\$0	\$0	\$0

\$ in USD Millions

¹ FY18 Adopted Budget June 2017

² FY18 Forecast is the most recent data on FY18

Funding: Three-Year Comparative Summary

Funding for FY19 is at \$138 million which is below the FY18 Adopted Budget of \$143 million. In addition, FY19 Funding of \$138 million is \$3 million above the FY18 forecast of \$135 million. We anticipate funding to remain flat and this slowdown in funding is consistent with the number of new TLDs in operations reaching its peak.

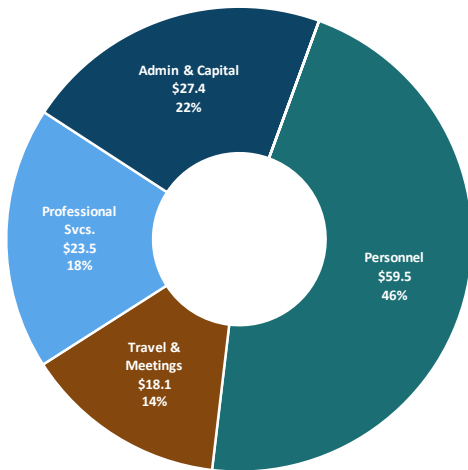
	FY17 Actuals	FY18 Adopted Budget	FY18 Forecast	Proposed Adopted FY19 Budget
Registry Transaction Fee	\$54	\$57	\$53	\$55
Registrar Transaction Fee	\$31	\$37	\$33	\$35
Registry Fixed Fee	\$30	\$31	\$31	\$30
Registrar Other Fees	\$16	\$14	\$14	\$15
Other	\$4	\$4	\$4	\$3
Total	\$135	\$143	\$135	\$138

\$ in USD Millions

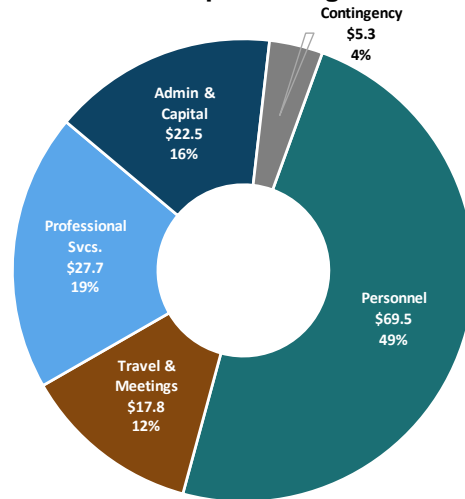
ICANN Operations: Cash Expenses by Category

FY19 operations cash expenses of \$138 million is \$5 million below the FY18 Adopted Budget expenses of \$143 million. In addition, FY19 operations cash expenses of \$138 million is \$3 million above the FY18 forecast expenses of \$135 million.

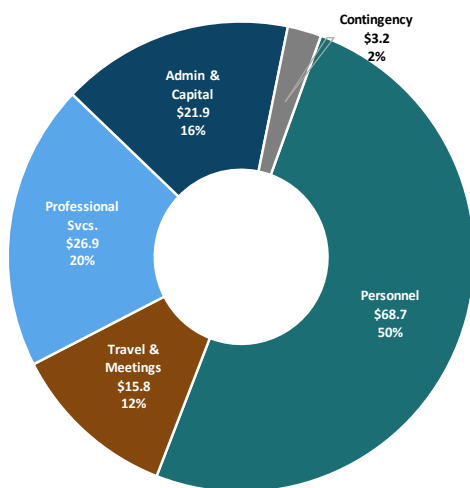
FY17 Actuals



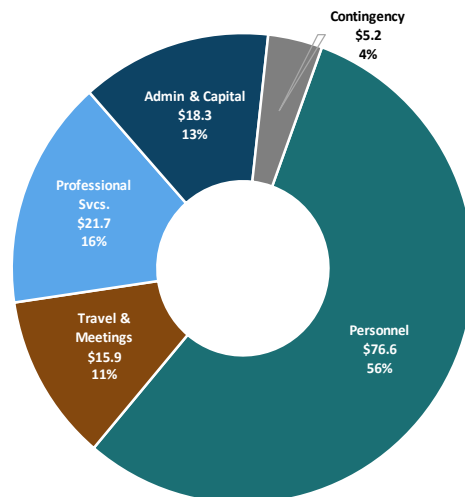
FY18 Adopted Budget



FY18 Forecast



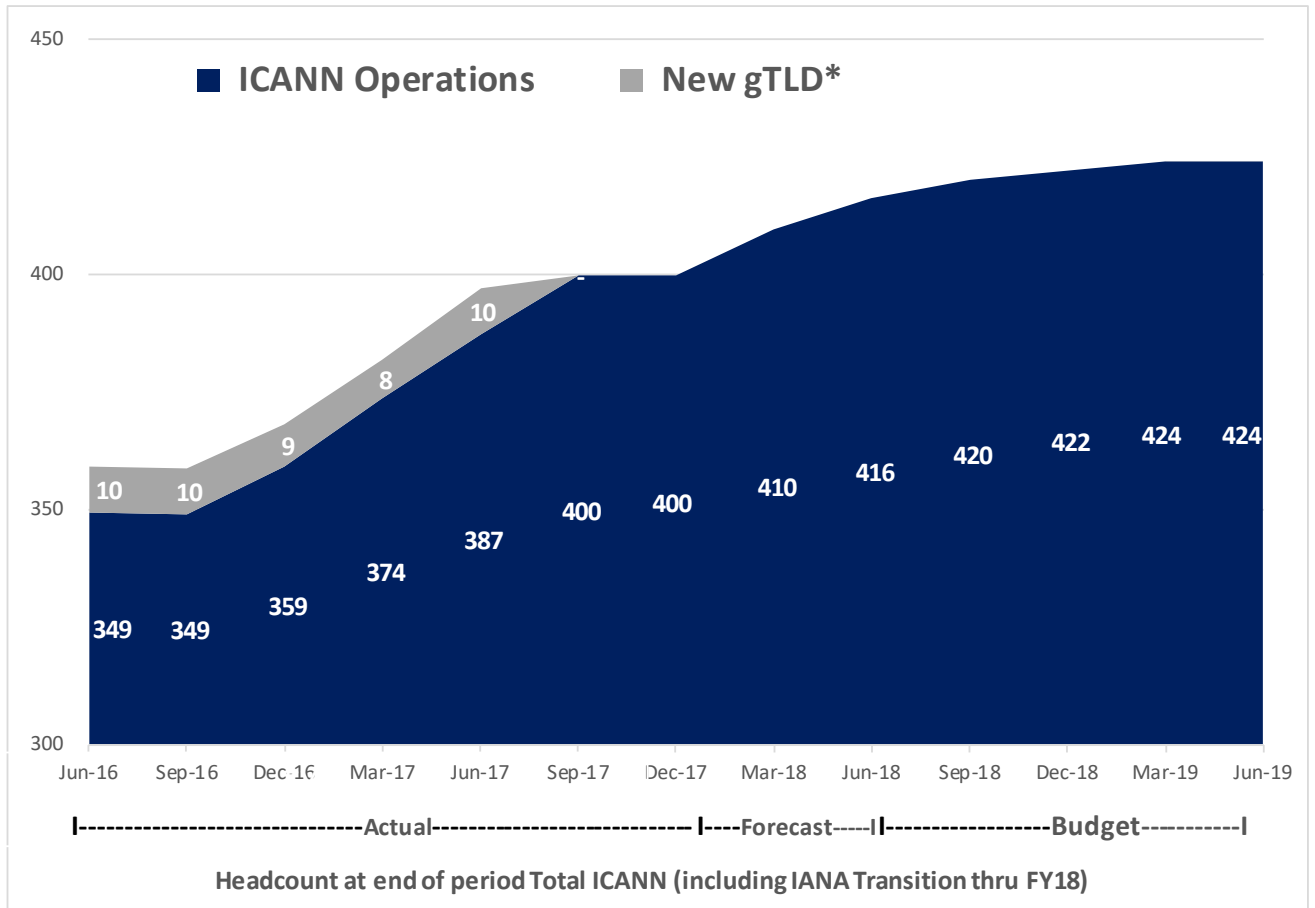
FY19 Proposed Adopted Budget



Three Year Summary	FY17		FY18		FY18		FY19	
Expenses By Category	Actuals	% TTL	Adopted Budget	% TTL	Forecast	% TTL	Adopted Proposed Budget	% TTL
Personnel	\$59.5	46%	\$69.5	54%	\$68.7	50%	\$76.6	56%
Travel & Meetings	\$18.1	14%	\$17.8	14%	\$15.8	12%	\$15.9	12%
Professional Svcs.	\$23.5	18%	\$27.7	22%	\$26.9	20%	\$21.7	16%
Admin & Capital	\$27.4	21%	\$22.5	17%	\$21.9	16%	\$18.3	13%
Contingency	\$0.0	0%	\$5.3	4%	\$3.2	2%	\$5.2	4%
Cash Expenses	\$128.5	100%	\$142.8	111%	\$136.5	100%	\$137.7	100%

Budget Headcount: Three-Year Overview

The headcount below represents the number of ICANN organization employees working on the last calendar day of each period. In FY19, as the New gTLD Program progresses, the dedicated resources previously reported under the Program are transferring to ICANN Operations and will continue to support the program as required.



Cash Flow Management: Cash Flow Synopsis

The following table describes ICANN's planned cash inflows and outflows for FY19.

Cash Flow Statement	For the Year Ended 6/30/2019				
	Operating Fund	Reserve Fund	NgTLD	Auction Proceeds	Total
In Millions, US dollars					
Funds Under Management - June 30, 2018	\$ 31.0	\$ 65.1	\$ 114.5	\$ 237.3	\$ 447.8
Collected/ (refunded) from contracted parties	137.2		(3.7)		133.5
Auction Proceeds	-		-		-
Paid to vendors, net of reimbursement	(60.5)		(8.3)		(68.8)
Paid to employees, net of reimbursement	(76.8)		(2.5)		(79.4)
Reimbursement from Reserve Fund - IANA					
Transition Project Costs ⁽¹⁾	\$ (1.2)	\$ 1.2			-
Historical Development Costs	1.4		(1.4)		-
Capital expenditures	(1.1)		-		(1.1)
Change in investment market value		4.7	1.1	2.0	7.8
Funds Under Management - June 30, 2019	\$ 29.9	\$ 71.0	\$ 99.7	\$ 239.3	\$ 439.9

(1) The IANA Stewardship Transition Project Costs are reimbursed from the Reserve Fund every six months for the previous six months of expenses. The FY19 impact represents the project expenses for the second half of FY18 (expenses incurred from January 2018 through June 2018) only as the program concluded in FY18.

The above positions for the Operating Fund and Reserve Fund do not reflect the effect of potential decisions to be considered and approved by the Board that could affect these positions, for example, a replenishment of the Reserve Fund by an allocation from the Operating Fund. Such Board decisions are made using the audited financial statements of each fiscal year, which are available by the end of October of every year, for the fiscal year closed on the previous 30 of June.

ICANN's investment policies for the Reserve Fund and the New gTLD/Auction Proceeds are published on ICANN.org at:

- ⦿ [ICANN investment-policy](#)
- ⦿ [New gTLD and Auction Proceeds investment-policy](#)

