

Highlights of the Proposed for Adoption FY21-25 Operating and Financial Plan and FY21 Operating Plan and Budget

27 April 2020



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Overview

Purpose of the Highlights Document

The purpose of the Highlights document is to provide an overview of ICANN's FY21–25 Operating & Financial Plan and its FY21 Budget.

It accompanies two other documents:

- Five-Year Operating and Financial Plan and One-Year Operating Plan (FY21-25 and FY21)
- FY21 Budget

In accordance with ICANN's Bylaws and the Empowered Community process, documents are divided into a five-year operating and financial plan, a one-year operating plan, and a one-year budget.

Introduction

On 22 December 2019, ICANN organization (ICANN org) published a draft FY21-25 Operating and Financial Plan and a draft FY21 Operating Plan and Budget for Public Comment. These drafts were developed based on the approved FY21-25 Strategic Plan.

All comments received during the Public Comment period (22 December 2019 to 25 February 2020) for the initial drafts were considered and none required material changes. Specificity and clarifications were added, and minor corrections were made, largely thanks to comments received. The staff report containing the comments and the responses can be found [here](#).

Since concluding the Public Comment process, the economic impact of the COVID-19 pandemic has had a significant and ongoing impact on the world. ICANN org expects that its planned activities and financial position for the remainder of FY20 (ending 30 June 2020) and FY21 will be impacted.

While it is difficult to determine precisely what the long-term impacts might be, ICANN org has formulated and adopted the following basic assumptions:

- It is crucial to maintain the effective operation of the Internet.
- The security, stability, and resiliency of the Internet remain critical, and ICANN org's technical coordination of the Internet's unique identifier systems plays a crucial role in the security, stability, and resiliency of the Internet.
- Throughout the pandemic, ICANN org expects to continue to perform most, if not all, of its functions. Most of ICANN org's operations do not require face-to-face interaction and can be carried out remotely for an extended period of time.

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- Many stakeholder engagement activities cannot be conducted in the same fashion as they are typically carried out as a result of stay-at-home and social distancing orders. Alternative forms of engagement are available and being used.
 - As of April 2020, ICANN org expects that it will be unable to conduct face-to-face meetings before September 2020. When it is safe, face-to-face meetings will resume slowly through FY21 under new health and safety conditions that may significantly affect the meeting experience. Virtual alternatives are being used where possible.
 - The overall productivity of the ICANN community, Board, and organization is lower due to the disruption and practical challenges imposed by home confinement.

The draft plans posted for Public Comment in December 2019 were developed under the assumption of a stable environment, under which ICANN org was projecting a small but stable growth of its funding over the next five years, a stable headcount, and inflationary growth of its expenses.

Due to the economic impact of the COVID-19 pandemic, some of these assumptions are no longer applicable. ICANN org has developed a new set of financial projections, outlined in a second set of draft planning documents (which were not subject to Public Comment due to timing). ICANN org expects a noticeable impact on its operations and will attempt to carry out most of its originally planned activities during FY21, where feasible. The new assumptions and financial projections are as follows:

- ICANN org funding may be impacted because the economic crisis stemming from the pandemic has the potential to impact the funding from domain name registrations and contracted parties through the end of FY20 and into the first months of FY21. ICANN org also anticipates there may be long-lasting effects of such impacts. At the time this document is published, the impact cannot yet be quantified.
- ICANN org projects an 8% decline in funding from the initial Draft FY21 Budget and has reduced its planned expenditures by an equal amount. The revised budget will be reflected as “Proposed for Adoption FY21 Budget” in this document.
- Updates to the Proposed for Adoption FY21 Budget will be subject to updates from a forecast during FY21 as part of the FY22-26 Operating & Financial Plan and FY22 Operating Plan and Budget process, and no later than in time for the publication of the FY22 annual planning documents, estimated to be in December 2020.
- ICANN org’s activities will be carried out under principles of increased prudence, frugality, and with heightened attention to necessity. It is important to understand that all activities previously planned will be reevaluated under this new perspective and mindset. These considerations apply to all ICANN org’s activities and expenses.
- The New gTLD Program is funded with applicant fees collected at the start of the program and its activities are mainly specific to the gTLD applications remaining outstanding. Therefore, the operating plan and budget for the New gTLD Program remains the same as what was published in ICANN org’s Draft FY21 Budget document.

Summary of Changes

The new assumptions and financial projections of the Proposed for Adoption documents compared to the Draft documents are summarized in the table of changes below:

Plan Reference	Type of change	Description of the Change	Comments and Rationale
Introduction	Added an Introduction section	The Introduction describes the approach the revised plans	Due to the economic impact of the COVID-19 pandemic, some assumptions used in the draft documents are no longer applicable. Therefore, as part of the Proposed for Adoption plans, ICANN org has developed a new set of financial projections, outlined in a second set of draft planning documents (which were not subject to Public Comment due to timing).
FY21-FY25 Operating and Financial Plan	Reduction in Funding	ICANN org projects a 5% decline in funding over the five-year period, from \$727M to \$689M	ICANN org anticipates there may be long-lasting effects of the economic crisis affecting domain name registrations and contracted parties over the five-year period.
FY21-FY25 Operating and Financial Plan	Increase in Funding	Contribution of \$20M from Verisign for security, stability and resiliency of DNS added to 5-year plan	A \$20M contribution from Verisign over the 5-year period to support ICANN's efforts to preserve and enhance the security, stability, and resiliency of the DNS.
FY21-FY25 Operating and Financial Plan	Reduction in Personnel Expense	Average headcount was reduced by 15 over the five-year period, from 410 to 395	ICANN org will begin FY21 with a lower average headcount than previously planned and projects to maintain this lower headcount throughout the five-year period.
FY21-FY25 Operating and Financial Plan	Reduction in Travel & Meetings Expense	ICANN org projects a 6% decline in FY21, from \$81.9M to \$76.9M	Travel & Meetings is projected to be impacted in FY21 then align with historical trends after FY21 once travel restrictions are eliminated.
FY21-FY25 Financial Plan	Reserve Fund Allocation	Recommended delay of contributions	Recommended delay of the decision to contribute to the Reserve Fund until FY23 based on assumptions for lower funding and projected expenses.
FY21 Operating Plan and Budget	Reduction in Funding	ICANN org projects an 8% decline in funding in FY21, from \$140.4M to \$129.3M	ICANN org's funding may be impacted because the economic crisis stemming from the pandemic has the potential to affect domain name registrations and contracted parties through the end of FY20 and throughout FY21.

Plan Reference	Type of change	Description of the Change	Comments and Rationale
FY21 Operating Plan and Budget	Reduction in Personnel Expense	Average headcount was reduced by 15 in FY21, from 410 to 395	ICANN org will begin FY21 with a lower headcount number than previously planned and will slow the hiring of new positions.
FY21 Operating Plan and Budget	Reduction in Travel & Meetings Expense	ICANN org projects a 20% decline in FY21, from \$15.6M to \$12.4M	Less Travel & Meetings expenses due to travel restrictions through Q1 and reduced rates thereafter, but three face-to-face ICANN Meetings planned in FY21.
FY21 Operating Plan and Budget	Delay FY21 Operating Initiatives requiring incremental resources	Delay the \$2.5M planned in FY21 but still incur the full \$24.5M over the five-year period	Due to the reduction in funding, FY21 Operating Initiatives requiring incremental resources will be delayed, but the planned full amount will still be incurred over the five-year period.
FY21 Operating Plan and Budget	Functional Activities Resources	FY21 Expense by Functional Activity has been removed	FY21 Expense by Functional Activity was removed as the reduction in expenses was not allocated to each Functional Activity.
FY21 Operating Plan	FY21 Operating Plan approach	Added overall approach	To ensure that efficient, effective, and mission-driven operations continue for the immediate future, ICANN must evaluate what is necessary and reasonable to accomplish and set a plan in place. A draft proposal is attached in the Appendix E.
FY21 Budget	Additional Budget Requests	Approvals for SO/AC Additional Budget Requests in FY21 increased by \$25K, from \$300K to \$325K	The SO/AC Additional Budget Requests (ABRs) requests envelope increased based on the specific requests that are being proposed for approval.
Appendix	Multistakeholder Model Work Plan	Updated Appendix C	Replaced text with description of status update and next steps.
Appendix	Prioritization and Engagement through September 2020	Added Appendix E	To ensure that efficient, effective, and mission-driven operations continue for the immediate future, ICANN must evaluate what is necessary and reasonable to accomplish and set a plan in place. A draft proposal is attached as Appendix E.

How to navigate the FY21-25 Plan Document

To navigate the Five-Year Operating and Financial Plan and One-Year Operating Plan document, we highly recommend reading the Introduction of the plans. The Introduction provides some general background information, purpose of the plans, operating assumptions, and relationship to the Strategic Plan. Following the Introduction, the remaining content is structured in the following order:

- FY21-25 Operating Plan
- FY21-25 Financials
- FY21 Operating Plan

Due to the diverse nature of ICANN's work, we recommend reading the sections that interest you the most. There are navigation links throughout the documents to help you jump to sections quickly. For example, click on an Operating Initiative in the FY21-25 Operating and Financial Plan to view the five-year and/or one-year details such as: purpose, scope, key milestones, considerations, and resources.

FY21-25 Operating Plan

Operating Plan Assumptions

The FY21–25 Operating Plan is intended to serve as an overarching, holistic view of the activities ICANN org is undertaking, or will undertake, in support of the Strategic Plan for FY21-25 (Strategic Plan). It is not a replacement for ICANN org’s annual operating plans, but is meant to complement them by providing a comprehensive overview of how ICANN will carry out its mission in the public interest over the next five years.

In an effort to present a comprehensive view of projected ICANN org operations over the five-year period, the FY21–25 Operating Plan includes areas of work still under discussion within the community, such as the New gTLD Subsequent Procedures Policy Development Process, New gTLD Auction Proceeds, Organizational and Specific Reviews, and the work on Evolving ICANN’s Multistakeholder Model. Please refer to [FY21-25 Operating and Financial Plan Appendices](#) for more information on these topics.

ICANN org supports the community-based activities that lead to review recommendations, cross-community working group recommendations, policy drafts, and advice. At any point in time, there are recommendations and policies that are at any of these stages of progress: initiation, development, finalization, Board consideration, implementation planning, and implementation. As recommendations and policies reach the stage of Board consideration, ICANN org can then design the expected implementation work. As such work evolves, the outcome will have an impact on the Operating Plan. The Operating and Financial plans will be a rolling five-year plan. ICANN org will update the five-year plan annually to include the latest activities that the org is responsible for implementing, and to accommodate for operational changes or unforeseen events. Tracking of the status and progress of budgeted items and projects outlined in the five-year plan will take place on an ongoing basis.

Relationship to the Strategic Plan

The FY21–25 Operating and Financial Plan is linked to the FY21–25 Strategic Plan through targeted outcomes that result from the achievement of strategic objectives. Each functional activity and operating initiative includes a description of its targeted outcomes. Accordingly, the FY21–25 Operating and Financial Plan serves as an overarching, holistic view of the activities ICANN org is undertaking, or will undertake, in support of its FY21–25 Strategic Plan.

Operating Plan

The FY21–25 Operating Plan includes descriptions of the major work ICANN org will undertake to achieve its Strategic Plan, operate the organization and implement the ICANN mission. Within the FY21–25 Operating Plan, ICANN org describes 15 operating initiatives and 35 functional activities for the upcoming five-year period.

Operating initiatives describe how ICANN org will achieve the objectives and goals set out in the ICANN Strategic Plan. The 15 operating initiatives listed below represent major areas of work that support the strategic objectives and targeted outcomes identified in the Strategic Plan.

The 15 operating initiatives are:

1. Support the Evolution of the Root Server System
2. Facilitate DNS Ecosystem Improvements
3. Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking
4. Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policymaking
5. Develop Internal and External Ethics Policies
6. Promote and Sustain a Competitive Environment in the Domain Name System
7. Universal Acceptance
8. Root Zone Management Evolution
9. Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem
10. Through Targeted Engagement Improve Governments and Intergovernmental Organizations (IGOs) Engagement and Participation in ICANN
11. Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration With Others That May Impact the ICANN Mission
12. Formalize the ICANN org Funding Model and Improve Understanding of the Long-term Domain Name Market Drivers
13. Implement New gTLD Auction Proceeds Recommendations As Approved by Board
14. Planning at ICANN
15. ICANN Reserves

Functional activities are those necessary to operate the organization, such as Human Resources or Finance, or to implement ICANN's mission, such as Contractual Compliance or the IANA functions. The 35 functional activities have been placed into five service groups which represent the broad categories of work that ICANN org performs. These are: technical and DNS security; policy development and implementation support; community engagement and services; ICANN org governance; and ICANN shared services.

The functional activities are:

- Technical and DNS Security:
 - Office of the Chief Technology Officer
 - ICANN Managed Root Server
 - Internationalized Domain Names and Universal Acceptance
 - IANA Functions
 - Contractual Compliance
- Policy Development and Implementation Support:
 - Policy Development and Advice
 - Policy Research
 - Contracted Parties Services Operations
 - Technical Services
 - Global Domains Division Strategic Programs
 - Constituent and Stakeholder Travel
- Community Engagement and Services:
 - Global Stakeholder Engagement
 - Regional Offices
 - Public Responsibility Support
 - Government and Intergovernmental Organization Engagement
 - gTLD Accounts and Services
 - Consumer Safeguards
 - Global Communications and Language Services
 - Global Meetings Operations
 - Ombudsman
- ICANN org Governance:
 - Board Activities
 - Office of the President and CEO
 - Governance Support
 - Nominating Committee Support
 - Complaints Office
 - Strategic Planning and Strategic Initiatives
 - Accountability Reviews
- ICANN Shared Services:
 - Operations Planning
 - Finance and Procurement
 - Risk Management
 - Engineering and Information Technology
 - Global Human Resources and Administrative Services
 - Global Support Center
 - Board Operations
 - Security Operations
 - ICANN Offices

FY21–25 Financials

The FY21–25 Financials provide forward-looking information that represents ICANN org’s attempt at conservatively estimating its future funding and expenses. The intent is to allow ICANN org to plan for a level of activity and expenses that minimize the risk that funding would be lower than expenses in the future.

By necessity, flexibility needs to be factored in over the five years. ICANN org has made every attempt to consider all factors based on current information, understanding, market trends, and circumstances at the time of the FY21–25 Operating and Financial Plan’s publication. However, the risk of new or changing conditions and requirements adds risk and variability. As a result, it is expected that actual funding could differ materially from the projections in this document, in any given year.

The FY21–25 Financials will be a rolling five-year plan. ICANN org will update it annually to accommodate operational changes or unforeseen events. Tracking of the status and progress of budgeted items and projects outlined in the plan will take place on an ongoing basis.

The financials are intended to be flexible, and ICANN org anticipates that these numbers will shift as more information becomes available and adjustments are made accordingly. This also allows for activities to be reprioritized based on the current environment, which will undoubtedly evolve over the course of the five-year period.

FY21–25 Financial Projections

The FY21–25 financial projections forecast funding and expenditures over the five-year period. Funding and expenditures are balanced, and average headcount remains stable at 395 over the period, with inflationary increases each year. A relatively flat cost structure is assumed for other cost categories, except for Travel and Meetings expenses, which is expected to align with historical trends during FY21 once travel restrictions are lifted.

(in Millions USD)

5-Year Projections	FY21 Projections	FY22 Projections	FY23 Projections	FY24 Projections	FY25 Projections	5-Year Total
Funding	\$129.3	\$136.5	\$138.8	\$141.0	\$143.2	\$688.8
Expense						
Personnel	76.0	76.8	77.5	78.3	79.1	387.7
Professional Services	17.0	17.0	17.0	17.0	17.0	84.8
Travel and Meetings	12.4	16.1	16.1	16.1	16.1	76.9
Administrative	17.1	17.1	17.1	17.1	17.1	85.3
Capital	1.7	1.7	1.7	1.7	1.7	8.3
Contingency	5.2	5.5	5.6	5.7	5.8	27.7
Cost Savings Initiatives	0.0	-3.0	-3.2	-3.3	-2.9	-12.4
Total	129.3	131.1	131.7	132.5	133.7	658.3
Funding Less Expenses	0.0	5.5	7.0	8.5	9.5	30.5
Allocation to the Reserve Fund	0.0	0.0	1.0	2.0	3.0	6.0
Operating Initiatives Envelope	0.0	5.5	6.0	6.5	6.5	24.5
Net Excess	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Average Headcount	395	395	395	395	395	395

Estimating Costs for Operating Initiatives

High and low scenarios were estimated for each operating initiative. The projections refer to the midpoint of these estimates as the high and low estimates are deemed to be less likely. Financials were only estimated for initiatives that required incremental efforts. In other words, if no costs are shown, then the resources for that initiative are included within the functional activities of the financial plan core budget. Funding for initiatives 7 and 13 are specifically funded by new gTLD application fees and auction proceeds.

(in Millions USD)

Operating Initiatives	5-Year Financial Estimate (Low)	5-Year Financial Estimate (Midpoint)	5-Year Financial Estimate (High)	Assumptions for Midpoint Scenario
1 Support the evolution of the Root Server system	\$ 3.0	\$ 4.5	\$ 6.0	2 headcount for the 5-year period and meeting facilitation costs
2 Facilitate Improvements of the DNS Ecosystem	4.0	6.0	8.0	1 headcount for the 5-year period along with costs for engagement and research. This excludes outcomes from the policies that will result from EPDP Phase 1 and 2.
3 Evolve and strengthen the multistakeholder model to facilitate diverse and inclusive participation in policy-making	3.0	4.3	5.5	Project Manager role to facilitate and advise, similar to current Multistakeholder Model Initiative. Includes consultant cost and funds for implementation relating to the recommendations and outcomes.
4 Evolve and strengthen the ICANN community's decision-making processes to ensure efficient and effective policy making	1.0	1.5	2.0	1 headcount for the 5-year period
5 Develop internal and external ethics policies	0.5	0.8	1.0	3rd party costs to help administer the tracking and facilitation of the program.
6 Promote and sustain a competitive environment in the Domain Name System	-	-	-	See note below
7 Universal Acceptance	1.5	2.0	2.5	ICANN org is already investing in Universal Acceptance, this assumes we will spend another \$500K/yr.
8 Continue the Root Zone Management evolution	3.0	4.5	6.0	Hardware and connectivity costs based on Singapore cluster.
9 Evaluate, align and improve engagement in the Internet ecosystem	-	-	-	See note below
10 Targeted engagement to improve government and IGO engagement and participation in ICANN	-	-	-	See note below
11 Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the ICANN mission	-	-	-	See note below
12 Formalize the ICANN org funding model and improve understanding of the long-term drivers of the domain name market	0.5	1.0	1.5	1 headcount for the 5-year period and funds for 3rd party research.
13 Implement New gTLD auction proceeds recommendation	-	-	-	See note below
14 ICANN Planning	-	-	-	See note below
15 ICANN Reserves	-	-	-	See note below
Total	\$ 16.5	\$ 24.5	\$ 32.5	

Note: Resources for these initiatives are included within the functional activities of the financial plan core budget and therefore no incremental resources are needed.

Reserve Fund

The ICANN Board approved a replenishment strategy aiming to reach the minimum target level of 12 months of operating expenses by the end of an eight-year period, starting in FY18. This plan proposes to achieve replenishment of the Reserve Fund to the minimum target level by the end of the plan period in FY25.

The replenishment strategy suggests that approximately \$32 million be allocated to the Reserve Fund over eight years. On average, the Reserve Fund must increase by a minimum of \$4 million every year. Future increases in operating expenses may trigger an increase to the Reserve Fund target level, meaning that more funds would need to be added.

The level of the Reserve Fund is expected to be approximately \$118 million at the beginning of FY21. Due to the economic circumstances resulting from the pandemic, and uncertainty of maintaining the targeted cash balance in the Operating Fund, ICANN org recommends delaying planned contributions to the Reserve Fund until after FY22. However, ICANN org will attempt to achieve the approved replenishment strategy by FY25.

FY21 Operating Plan

Similar to the FY21-25 Operating and Financial Plan, the FY21 Operating Plan includes Operating Initiatives and Functional Activities. Each of the 15 operating initiatives and 35 functional activities provide what can be considered ICANN org's statement of intention, outlining planned activities while acknowledging the challenges and dependencies that could impact ultimate delivery.

However, since the conclusion of the Public Comment process in early 2020, as a result of the COVID-19 outbreak, the world is facing unprecedented and unknown conditions; most people are understandably focused on family, health, and economic issues. While ICANN is committed to successfully fulfilling its mission, the human impacts of the pandemic must be recognized.

ICANN's role in maintaining a secure and stable identifier system for the Internet has always been important, but at this time, when reliance on the Internet has sky-rocketed, ICANN's role has become all the more vital. ICANN org must assess its activities and efforts to ensure that the community, Board, and org can continue to successfully deliver ICANN's mission.

To ensure that efficient, effective, and mission-driven operations continue for the immediate future, ICANN org must evaluate what is necessary and reasonable to accomplish, and set a plan in place that is achievable and measurable. ICANN org has developed a proposal to prioritize its work starting in April 2020 to September 2020, without the ability to meet face to face for engagement activities, based on anticipated available resources. This proposed plan, detailed in the paper called "Prioritization of ICANN Efforts, Continued Facilitation, and Engagement through September 2020," is intended to ensure that ICANN's critical work can stay on pace, engagement and capacity-building can continue, and the positive collaboration between the community, Board, and organization is fostered and strengthened. Together, we will establish ICANN priorities through September based on Board-identified hot topics, Bylaws-mandated priorities and other key priorities, and Community group priorities determined in collaboration with the SO/AC leadership.

Using the agreed-upon priorities, ICANN org will create an integrated community support plan to ensure that the teams are aligned and aware. This plan will detail activities by topic, stakeholder group, resources, milestones, engagement tactics and timeline. It is intended to supplement the Operating and Financial Plan by operationalizing many of the initiatives that are identified in the plans.

Agreement on these priorities, among the Board, the Community, and the ICANN org executive team, is the next necessary step before the full plan can be developed or implemented. Please refer to **Appendix E** in the [FY21-25 Operating and Financial Plan and FY21 Operating Plan](#) for more details.

FY21 Budget Highlights

The FY21 Budget contains a detailed overview of ICANN's financial plan for FY21. It includes:

- Highlights of ICANN Operations, excluding the New gTLD Program, which is covered separately.
- Activities that have already been submitted for public comment and as a part of the IANA FY21 Operating Plan and Budget.
- Highlights from the New gTLD Program.
- Overview of ICANN's FY21 Budget, combining ICANN Operations and the New gTLD Program.

Where relevant, comparative information for FY20 is provided. Any arithmetic inconsistencies are due to rounding

Public Technical Identifiers (PTI) Operations are also included as part of ICANN's total operations. PTI is a nonprofit organization and affiliate of ICANN that was created in 2016. ICANN org has delegated the performance of most of the Internet Assigned Numbers Authority (IANA) services to PTI. The IANA functions include management of Internet number resources, management of the DNS root zone, and other operational aspects of coordinating the Internet's unique identifiers.

Financial Overview

The following table compares ICANN org funding and expenses in the FY21 Proposed for Adoption Budget to the FY21 Draft Budget, which was published in December 2019 before the pandemic's impact was known or estimated. Compared to the FY21 Draft Budget, the FY21 Proposed for Adoption Budget funding is \$11.1M lower, and expenses are \$8.1M lower. The FY21 Proposed for Adoption Budget does not plan for a \$3.0 million contribution to the Reserve Fund.

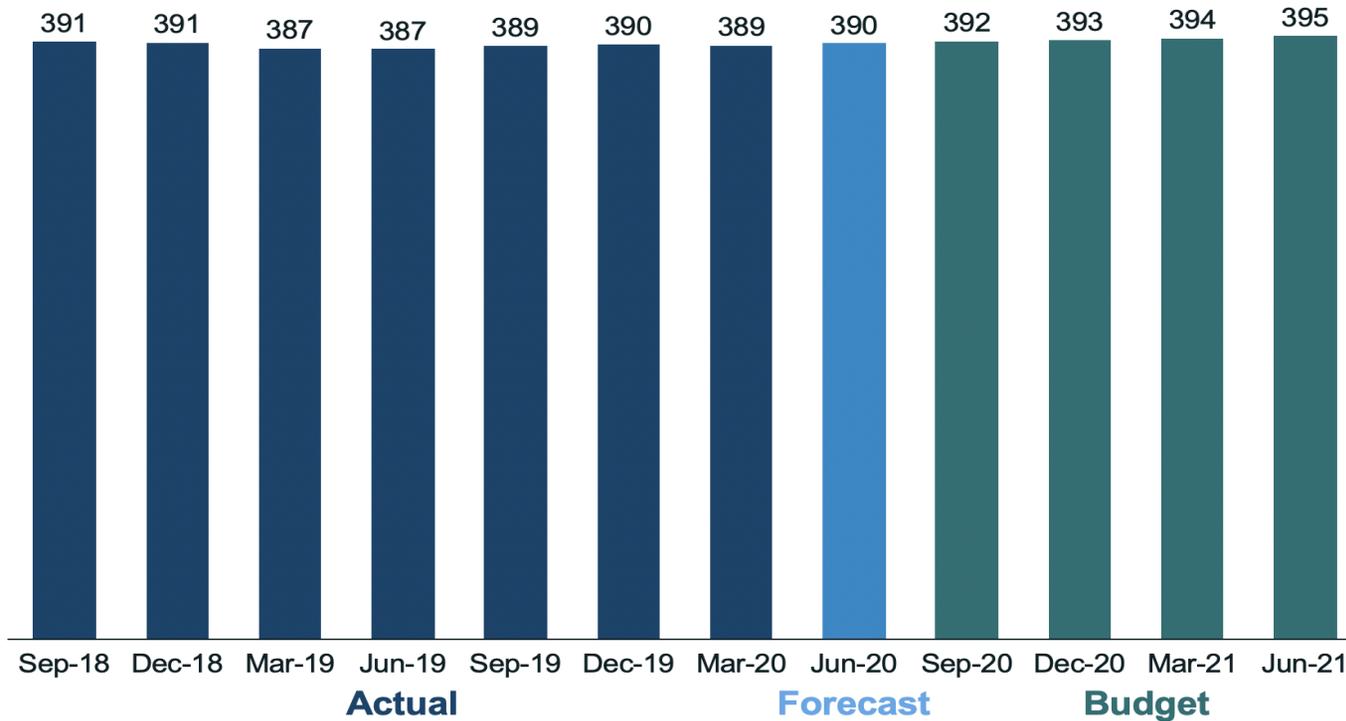
In Millions, USD	FY21 Proposed for Adoption Budget Total ICANN Operations	FY21 Draft Budget Total ICANN Operations	Under/(Over) vs. FY21 Draft Budget	
			Total ICANN Operations	%
Funding	\$129.3	\$140.4	(\$11.1)	-8%
Personnel	76.0	78.3	2.3	3%
Travel & Meetings	12.4	15.6	3.2	20%
Professional Svcs.	17.0	20.2	3.2	16%
Administration ⁽¹⁾ & Capital	18.7	18.1	(0.6)	-3%
Contingency ⁽²⁾	5.2	5.2	0.0	0%
Cash Expenses	\$129.3	\$137.4	\$8.1	6%
Excess/(Deficit) Before Contribution	(\$0.0)	\$3.0	(\$3.0)	-100%
Reserve Fund Contribution	\$0.0	\$3.0	(\$3.0)	-100.0%
Net Operating Excess/(Deficit)	(\$0.0)	(\$0.0)	\$0.0	n/a
Average Headcount	395	410	-15	-4%

(1) ICANN Operations cash expenses excludes Depreciation and Bad Debt.

(2) The FY21 contingency expense represents an amount of budgeted expenses unallocated to specific activities or departments. \$1.5M earmarked for GDPR legal fees in Contingency.

Headcount

The following headcount chart shows the average number of ICANN org personnel working in each period. New gTLD Program personnel who previously reported under the program are now in ICANN Operations and will continue to support the program as required.



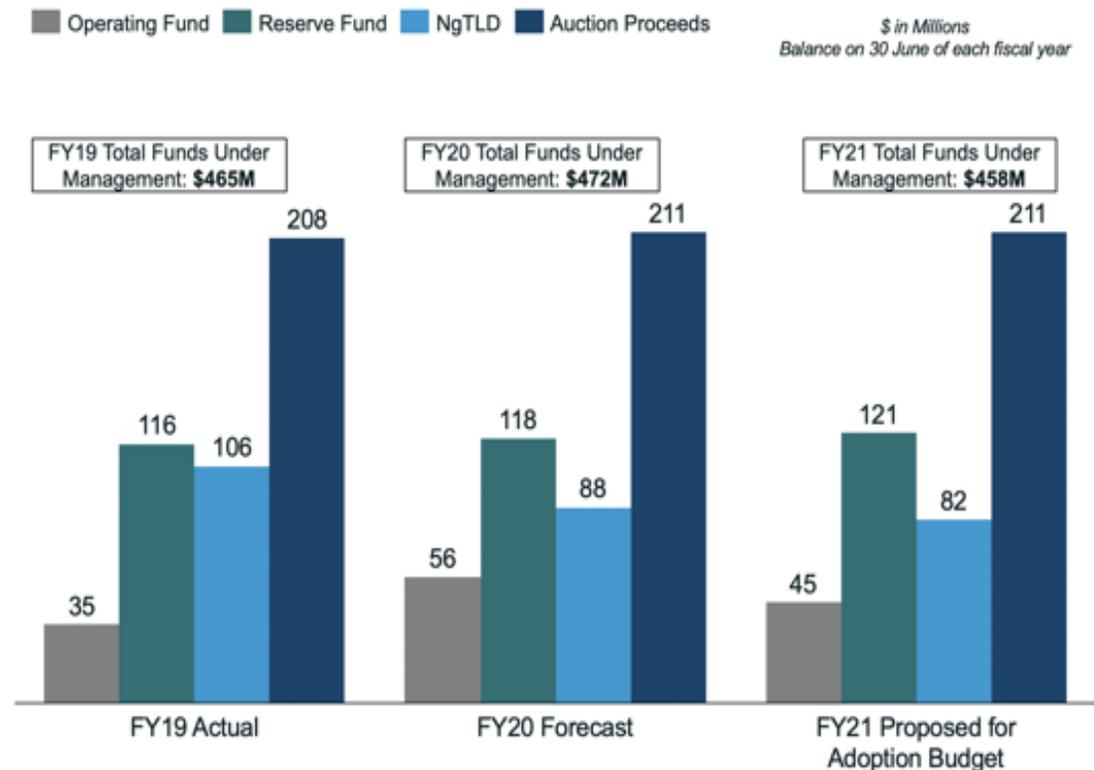
ICANN Operations Funding

The chart below shows ICANN Operations funding by source and type.

In Millions, US Dollars	FY21 Proposed for Adoption Budget	FY20 Forecast	Over/(Under)		Other FY21 Scenarios	
			\$	%	High	Low
Transactions						
Registry transaction fees - Legacy	\$ 47.7	\$ 49.0	\$ (1.3)	(3%)	\$ 52.6	\$ 42.7
Registry transaction fees - New gTLD	4.5	6.7	(2.2)	(33%)	5.1	3.5
Registrar transaction fees - Legacy	29.7	30.3	(0.6)	(2%)	32.7	26.6
Registrar transaction fees- New gTLD	3.5	5.3	(1.7)	(33%)	4.3	2.7
Sub-total	85.5	91.3	(5.8)	(6%)	94.7	75.5
<i>Volume: legacy transactions (millions)</i>	165.2	168.4	(3.3)	(2%)	181.6	147.7
<i>Volume: New gTLD transactions (millions)</i>	19.5	29.2	(9.7)	(33%)	24.0	15.1
Sub-total	184.7	197.7	(13.0)	(7%)	205.6	162.8
<i>Volume: New gTLD billable transactions (millions)</i>	18.1	27.0	(9.0)	(33%)	20.5	14.0
<i>New gTLD Billable rate - average</i>	92.6%	92.6%	0.0%		85.5%	92.5%
Registry Fixed Fees	28.4	29.7	(1.3)	(4%)	29.3	26.2
<i>Count of total Registries/TLDs - at end of year</i>	1,112	1,174	(62)	(5%)	1,163	977
<i>Incr./(Decr.) new Registries/TLDs - at end of year</i>	(62)	(29)	(33)		(11)	(197)
Registrars Accreditation						
Application fees	-	0.1	(0.1)	(100%)	-	-
Accreditation fees - annual	8.4	9.7	(1.4)	(14%)	9.6	7.1
Per-registrar variable fees	3.4	3.4	-	-	3.4	3.4
Sub-total	11.8	13.2	(1.4)	(11%)	13.0	10.5
<i>Count of total Registrars - at end of year</i>	1,977	2,357	(380)	(16%)	2,366	1,577
<i>Incr./(Decr.) new Registrars - at end of year</i>	(380)	(102)	(278)		9	(780)
Contributions						
RIR	0.8	0.8	-	-	0.8	0.8
ccTLD	2.3	2.3	-	-	2.1	2.3
Meeting Sponsorships/Other	0.5	0.2	0.3	150%	0.5	0.5
Sub-total	3.6	3.3	0.3	9%	3.4	3.6
ICANN Ops Total	\$ 129.3	\$ 137.5	\$ (8.2)	(6%)	\$ 140.4	\$ 115.8
Registry Total	\$ 80.6	\$ 85.4	\$ (4.8)	(6%)	\$ 87.0	\$ 72.4
Registrar Total	45.0	48.8	(3.8)	(8%)	50.0	39.8
Other	3.6	3.3	0.3	9%	3.4	3.6
ICANN Ops Total	\$ 129.3	\$ 137.5	\$ (8.2)	(6%)	\$ 140.4	\$ 115.8

Funds Under Management

ICANN manages four funds. The Operating Fund covers day-to-day operations and the Reserve Fund is ICANN's funding of last resort to cover large expenses from unavoidable, unpredictable, or unplanned events. Both are governed in accordance with the ICANN investment policy.



The New gTLD Program funds 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. Auction proceeds come from ICANN auctions held to resolve string contention in the New gTLD Program. These are reserved and earmarked until the Board determines a plan for the appropriate use of the funds after consultation with the community. Both are governed in accordance with the New gTLD and Auction Proceeds Investment Policy.

ICANN org projects to have sufficient cash on hand in the Operating Fund through FY21 despite the uncertainty of COVID-19 impact. In FY20, \$15 million of new gTLD funds were transferred to the Operating Fund as a reimbursement for expenses paid by ICANN in FY18-FY20. The Funds Under Management listed in the Proposed for Adoption FY21 Budget assume the following:

- No planned contributions to the Reserve Fund in FY20 or FY21, and a 2% interest increase from FY20 balance to FY21.
- No market gains or losses in any other fund; only operating expenses decrementing New gTLD and Operating Fund.
- Keeping the FY20 surplus in the Operating Fund to mitigate potential late or uncollectable funding.

The chart above shows the balance of each fund on 30 June of each fiscal year.

Contingency and Activities in Progress

Contingency includes budgeted expenses that were not allocated to specific activities or departments. Contingency in the FY21 Proposed Adopted Budget is \$5.2M, which is approximately 4% of total expenses.

The following key projects potentially have unforeseen expenses that may require contingency:

- New gTLD Subsequent Procedures policy development process.
- Specific and Organizational Reviews.
- Policy development and compliance required by the European Union's General Data Protection Regulation.
- Cross Community Working Group on Enhancing ICANN Accountability Work Stream 2.
- Other unanticipated expenses.