

**ICANN BOARD PAPER NO. 2015.06.25.2b-Rev 1-Clean**

**TITLE:** **FY16 Operating Plan and Budget**

**PROPOSED ACTION:** **For Board Approval**

**EXECUTIVE SUMMARY:**

As per required by the Article XVI, Section 4 of the ICANN Bylaws, the draft FY16 Operating Plan and Budget has been developed by ICANN staff and was posted for public comment and discussion on 18 March 2015. Since the initial posting, changes were made to the draft FY16 Operating Plan and Budget, resulting from staff analysis and public input. In addition, other consultations were held with staff, Board and community members. All of the public comments have been taken into consideration, and when appropriate and feasible have been adopted, and a final FY16 Operating Plan and Budget has been developed. Per the Bylaws, the FY16 Operating Plan and Budget must be adopted by the Board and then posted on ICANN's website.

Further, per section 3.9 of each of the three currently effective Registrar Accreditation Agreements, and as needed to develop the budget, the Board must establish the Variable Accreditation Fee that the Registrars are required to pay. The Registrar Variable Fees are set forth in the FY16 Operating Plan and Budget.

**BOARD FINANCE COMMITTEE (BFC) RECOMMENDATION:**

The BFC has recommended, after careful consideration of the public comments received and the corresponding responses, that the Board approve the FY16 Operating Plan and Budget (see Attachments [FY16 Operating plan and Budget Final.pdf] / Insert Link] and [FY16 Operating Plan and Budget – Public comment report <https://www.icann.org/en/system/files/files/report-comments-op-budget-fy16-05jun15-en.pdf>] to the Reference Materials for this Board Submission).

**PROPOSED RESOLUTION:**

Whereas, the draft FY16 Operating Plan and Budget was posted for public comment in accordance with the Bylaws on 18 March 2015, which was based upon community

consultations, and consultations throughout ICANN staff and the Board Finance Committee, during the current fiscal year.

Whereas, public comments received from the public comment forum were discussed by Board members and staff during several calls with the representatives of the ICANN bodies that submitted them to help ensure an adequate understanding was obtained and appropriate consideration was given to them.

Whereas, the public comments received were taken into account to determine required revisions to the draft FY16 Operating Plan and Budget.

Whereas, in addition to the public comment forum, ICANN actively solicited community feedback and consultation with the ICANN Community by other means, including conference calls, meetings in Singapore and email communications.

Whereas, the Board Finance Committee (BFC) has discussed, and guided staff on, the development of the FY16 Operating Plan and Budget at each of its recent regularly scheduled meetings.

Whereas, the BFC met on 12 June 2015 to review and discuss the suggested changes resulting from public comment, and the final FY16 Operating Plan and Budget, and recommended that the Board adopts the FY16 Operating Plan and Budget.

Whereas, per section 3.9 of the 2001, 2009 and 2013 Registrar Accreditation Agreements, respectively, the Board is to establish the Registrar Variable Accreditation Fees, which must be established in order to develop the annual budget.

Whereas, the description of the Registrar fees, including the recommended Registrar Variable Accreditation Fees, for FY16 has been included in the FY16 Operating Plan and Budget.

Resolved (2015.06.20.xx), the Board adopts the FY16 Operating Plan and Budget and in doing so establishes the Variable Accreditation Fees (per registrar and transaction) as set forth in the FY16 Operating Plan and Budget.

**PROPOSED RATIONALE:**

In accordance with Article XVI, Section 4 of the ICANN Bylaws, the Board is to adopt an annual budget and publish it on the ICANN website. On 18 March 2015, a draft of the FY16 Operating Plan and Budget was posted for public comment. This version was based on numerous discussions with members of the senior ICANN Management, and extensive consultations with ICANN Supporting Organizations, Advisory Committees, and other stakeholder groups throughout the prior several months. Intervening activities, and comments received from the public comment forum resulted in some revisions to the 18 March 2015 draft FY16 Operating Plan and Budget. Notably the following activities were carried out:

- 9 March 2015: Task force on FY16 Budget assumptions (15 community members, 1 board member, 4 staff members) – 4-hr meeting.
- 6 May 2015: Review/discussion of Registry SG public comments submitted on FY16 Operating Plan & Budget (Board member attending: Gonzalo Navarro).
- 8 May 2015: Review/discussion of ALAC public comments submitted on FY16 Operating Plan & Budget (Board members attending: Cherine Chalaby and Rinalia Abdul Rahim)
- 11 May 2015: Review/discussion of IPC/BC and GNSO Council public comments submitted on FY16 Operating Plan & Budget (Board member attending: Asha Hemrajani).
- 11 May 2015: Review/discussion of IPC/BC and GNSO Council public comments submitted on FY16 Operating Plan & Budget (Board member attending: Asha Hemrajani).
- 13 May 2015: Review/discussion of ccNSO SOP Working Group public comments submitted on FY16 Operating Plan & Budget (Board member attending: Chris Disspain).
- 19 May 2015: Review/discussion of ISPCP public comments submitted on FY16 Operating Plan & Budget (Board member excused: Asha Hemrajani).

All comments received in all manners were considered in developing the final version of the FY16 Operating Plan and Budget, and where feasible and appropriate have been adopted.

In addition to the day-to-day operational requirements, the FY16 Operating Plan and Budget includes the FY16 new gTLD budget items and amounts allocated to various FY16 budget requests received from community leadership. The annual budget also discloses the impacts of the New gTLD Program. Further, because the Registrar Variable Accreditation Fee is key to the development of the budget, the FY16 Operating Plan and Budget sets out and establishes those fees, which are consistent with recent years, and will be reviewed for approval by the Registrars.

This FY16 Operating Plan and Budget will have a positive impact in that it provides a proper framework by which ICANN will be managed and operated. It also provides the basis for the organization to be held accountable in a transparent manner. This will have a fiscal impact on ICANN and the community as is intended. This should not have anything but a positive impact on the security, stability and resiliency of the domain name system (DNS) with respect to any funding that is dedicated to those aspects of the DNS.

This is an Organizational Administrative Function that has already been subject to public comment as noted above.

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