GNSO gTLD Registries Stakeholder Group Comments

Issue: ICANN FY12 Draft Operating Plan & Budget

Date: 16 June 2011

Request for public comments URL: http://www.icann.org/en/financials/proposed-opplan-budget-v1-fy12-17may11-en.pdf

Regarding the issue noted above, the following comments represent the views of the ICANN GNSO gTLD Registries Stakeholder Group (RySG) as indicated. Unless stated otherwise, the RySG comments were arrived at through a combination of RySG email list discussion and RySG meetings (including teleconference meetings).

GNSO Funding

In our comments in response to the ICANN FY 12 Operating Plan & Budget Framework, the RySG recommended "GNSO support should be increased, including services for SGs and constituencies." Unfortunately, the Draft Plan/Budget does not provide enough detail to thoroughly evaluate how funds will be spent in support of the GNSO. It does say that 35% of ICANN expenditures will be used for support of the GNSO, but it is impossible to tell whether that is adequate. The only thing we know for sure is that over 94% of ICANN revenue will come from gTLD registrant fees and a large percentage of that will subsidize ICANN programs outside of the GNSO. Will there be enough funds to implement most of the Board approved GNSO improvements in FY 12?

In addition, over the years, ICANN staff has labeled a number of items as "support for the GNSO" when they are really in essence in response to a request by the ICANN Board, an individual constituency, or even a request from an Advisory Committee, and are only tangentially related to gTLDs, but not necessarily GNSO activity. We would like to see a complete breakdown of services to evaluate the issue of GNSO funding.

SLA Monitoring System Development

In our comments in response to the ICANN FY 12 Operating Plan & Budget Framework, the RySG said, "Regarding SLA monitoring System development, measurement of ICANN service levels should be included." We support the development of a system to monitor SLAs but we strongly believe that any such system should monitor ICANN SLAs as well as registry and registrar SLAs. In the Summary & Analysis of the Framework and in the Draft Plan/Budget, there is no mention of this.

Reserved Fund Contributions

In our comments in response to the ICANN FY 12 Operating Plan & Budget Framework, the RySG suggested the following: "Contributions to Reserve Fund": Instead of recovering the historical new gTLD costs, we recommend that it would be better to

reduce application fees, especially for needy applicants and underserved language communities." The response in the Framework Summary of Analysis & Comments says: "*It was determined that the costs of new gTLD program development should not be borne by today's registrants but should be borne by the applicants. This is in line with the GNSO Policy.*" We agree that the GNSO recommended that the new gTLD application process should be cost neutral but we do not agree with ICANN staff interpretation that the GNSO intended that historical new gTLD development costs should be recouped. There was never any discussion of this in the new gTLD policy development process.

In addition, we would like to see the Reserve Fund capped at a reasonable amount regardless of the total expenditures of ICANN. At present date, ICANN only states that its reserve fund should be equal to the amount it takes to run ICANN for an entire year. This becomes a circular self-perpetuating problem. The more ICANN makes, the more it has to spend every year (as a non-profit entity) and therefore the higher the reserve fund needs to be. The reserve fund should be capped at an amount equal to what is needed for ICANN's operation of its critical functions, no more, no less.

Annual Merit Increases

The RySG believes that 4% annual merit increases is unjustifiably high considering the state of the global economy. Global unemployment remains exceptionally high and most employers are giving much smaller increases in salary if any at all; in fact some employees have to take reductions in pay to avoid layoffs.

Level of Budget Detail

The RySG appreciates the increased level of budget detail provided over the last few budget cycles, but we believe that there is still not enough detail to adequately review and evaluate ICANN expenses. For example, with regard to Professional Services Costs (pp. 48-51), listing subcategories of most major categories of professional service costs is helpful, but it would be even more useful (and transparent) if budgeted amounts were provided for each of the subcategories. As another specific example, we are aware that the GNSO has approved Whois Studies in the total amount of $380,000 and may shortly approve another study in the amount of $150,000 to $180,000. But it is not possible to determine whether there are sufficient funds for these studies.

Discrepancies between the Draft Plan/Budget & the Draft Travel Support Guidelines

There is more than $960,000 in travel spending in the Draft Plan/Budget that is not in the Draft Travel Support Guidelines. This is an 86% increase from what is proposed in the Travel Guidelines and it doesn't take into account Fellows and Nom Com travel funding. This includes the following:
- $60,000 for 20 SSAC members to attend 3 ICANN meetings
- $80,000 for an SSAC retreat
- $210,000 to Provide travel support to ICANN meetings to 14 additional GAC members
- $500,000 for "Continued travel support for other ICANN and/or GAC meetings

- $60,000 for 2 IPC members to attend 3 ICANN meetings
- $50,000[+] for 3 At-Large RALO meetings

Why is the above travel funding not included in the Draft Travel Guidelines? It doesn't make sense to consider them separately, especially considering the added expenses in the Draft Plan/Budget nearly double the amount proposed in the FY12 Travel Support Guidelines.

<u>Ongoing Improvements to the Operating Plan & Budget</u>

The RySG was very pleased a few years ago with the significant improvements that were made in providing increased detail in the Operating Plan & Budget, but we observe that the improvements seemed to have come to an end in the last couple of cycles. We sincerely hope that this changes in the next cycle and that the level of detail is expanded further so that stakeholders can more effectively be a part of the process.

<u>Summary of RySG Support</u>

1. Level of Support of Active Members: Supermajority

    1.1. # of Members in Favor: 12

    1.2. # of Members Opposed: 0

    1.3. # of Members that Abstained: 0

    1.4. # of Members that did not vote: 1

2. Minority Position(s): None

<u>General RySG Information</u>

- Total # of eligible RySG Members[1]: 15

- Total # of RySG Members: 13

- Total # of Active RySG Members[2]: 13

- Minimum requirement for supermajority of Active Members: 9

---

[1] All top-level domain sponsors or registry operators that have agreements with ICANN to provide Registry Services in support of one or more gTLDs are eligible for membership upon the "effective date" set forth in the operator's or sponsor's agreement (Article III, Organization and Membership, ¶ 1). The RySG Articles of Operations can be found at http://www.gtldregistries.org/system/files/registries-sg-proposed-charter-30jul09-en_0.pdf .

[2] Per the RySG Articles of Operations, Article III, Organization and Membership, ¶ 6: Members shall be classified as "Active" or "Inactive". A member shall be classified as "Active" unless it is classified as "Inactive" pursuant to the provisions of this paragraph. Members become Inactive by failing to participate in a Constituency meeting or voting process for a total of three consecutive meetings or voting processes or both, or by failing to participate in meetings or voting processes, or both, for six weeks, whichever is shorter. An Inactive member shall have all rights and duties of membership other than being counted as present or absent in the determination of a quorum. An Inactive member may resume Active status at any time by participating in a Constituency meeting or by voting.

- Minimum requirement for majority of Active Members: 7
- # of Members that participated in this process: 13
- Names of Members that participated in this process:
    1. Afilias (.info & .mobi)
    2. DotAsia Organisation (.asia)
    3. DotCooperation (.coop)
    4. Employ Media (.jobs)
    5. Fundació puntCAT (.cat)
    6. Museum Domain Management Association – MuseDoma (.museum)
    7. NeuStar (.biz)
    8. Public Interest Registry - PIR (.org)
    9. RegistryPro (.pro)
    10. Societe Internationale de Telecommunication Aeronautiques – SITA (.aero)
    11. Telnic (.tel)
    12. Tralliance Registry Management Company (TRMC) (.travel)
    13. VeriSign (.com, .name, & .net)
- Names & email addresses for points of contact
    o Chair: David Maher, dmaher@pir.org
    o Alternate Chair: Keith Drazek, kdrazek@verisign.com
    o Secretariat: Cherie Stubbs, Cherstubbs@aol.com
    o RySG representative for this statement: Chuck Gomes