ALAC Statement on the Proposed Framework for the FY12 Operating Plan and Budget - April 2011

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The ALAC welcomes the early publication of the Budget framework and find it an important improvement in the process that gives the community enough time to comment on it and provide their inputs.

The ALAC also appreciates very much the presentation of the framework by the staff members and the dialog that was engaged with the community during the San Francisco meeting. We fully support the process of early engagement and agree that it will enhance accountability and transparency.

Nevertheless, the FY2012 operational plan and budget framework is presented at too high a level, and doesn't go into sufficient detail at this stage. The ALAC notes that the FY2011 framework provided more information which was useful for analysis.

As presented, the current document can be commented in a general manner only. With the framework being presented before the formal adoption of the final FY12 Strategic plan, there does not appear to be a link between the two, which impedes the research required for a properly detailed comment. The ALAC recommends that the format return to a full text format (with at least as much detail as the FY2011 document and preferably more) rather than another powerpoint presentation for next year's FY2013 operational plan and budget framework. Only then would it be possible to link the budgeting of costs with the ICANN Strategy in order to properly analyse the framework against the public interest.

We also notice that without consideration of the new gTLD program, the expenses for the FY 2012 will exceed the revenues by $1,287,000 (1.88%). It is the first time that ICANN is faced with this situation. The ALAC wonders how this deficit will be compensated and hopes that this would not need to be met by the reserve or contingency funds (dedicated to compensate the possible excess of the costs compared to original estimates and to constitute the one year operation reserve funds).

Looking at the financial data associated with the new gTLD launch process, the ALAC is concerned that the Framework shows a massive surge in Professional Services Cost equalling to nearly half the total operating expenses whilst only a very moderate increase in Personnel costs is shown. This leads the ALAC to be concerned that not enough investment is made in a managerial structure of increased ICANN staff count to keep track of the Professional Services contracted and keeping its costs contained. We are also concerned about the reduced levels of transparency associated with contracting out services that might be better served by staff. External growth based on consultants needs to be kept in check and under control especially given the anticipated deficit situation.

The ALAC welcomes the introduction of a "Core Operating Expenses" and a "Projects Expenses" costs sub-division. However, the level of detail in the "Core Operating Expenses" has suffered as a result. These should be detailed and compared, as in previous years.

In the "Projects" field, incorporating the AC/SO/SG requests for activities and services, the ALAC would prefer to see the projects expenses detailed so that the amount allocated to the community requests are clearly defined.

Finally, we note that all the ALAC requests are tightly linked to the ICANN 2011-2014 strategic plan: the link to its components is clearly mentioned in the submitted request forms, and this does not appear to be obvious from the FY2012 Framework presentation.

The ALAC wishes that for its request for activities and services, the finance ICANN Staff interacts with the applicants (ALAC, RALOs or ALSes) before submitting the final budget to the board for adoption.

The ALAC re-iterates that several of the ALAC requests are considered crucial for the At-Large work and development, and that they have been submitted for the previous fiscal years. Unfortunately, there appears to be no way of showing this in the Framework. We believe that there should be benefit, if it was possible to show such recurrent requests.