Internet Corporation for Assigned Names and Numbers (ICANN)
Proposed for Adoption FY21 Budget

27 April 2020

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1 Introduction

On 22 December 2019, ICANN organization (ICANN org) published a draft FY21-25 Operating and Financial Plan and a 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 draft were considered and none required material changes. Specificity and clarifications were added to the document, 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 fiscal years 2020 (ending 30 June 2020) and 2021 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.
- 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 org is lower due to the disruption and practical challenges imposed by home confinement.

The first 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 few 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 FY21 Draft Budget document.

Background Information
This document contains the Internet Corporation for Assigned Names and Numbers (ICANN) Proposed for Adoption fiscal year 2021 (FY21) Budget. ICANN's FY21 comprises the following dates:

1 July 2020 - 30 June 2021

The ICANN FY21 Proposed for Adoption Budget includes a detailed overview of ICANN's financial plan for FY21. For operating plans and five-year financial projections, please see the separate documents titled FY21–25 Operating and Financial Plan and FY21 Operating Plan and Budget.

Community Input into ICANN's Planning Processes
Enabling stakeholder engagement in ICANN's planning process, through accessible information and effective interaction, is a fundamental part of ICANN's multistakeholder model. The ICANN FY21 Proposed for Adoption Budget is now available for Public Comment as is required by ICANN's Bylaws, and in accordance with ICANN's Public Comment process. The publishing of the ICANN FY21 Proposed for Adoption Budget for Public Comment is a key element of transparency and community engagement in ICANN's planning process.

ICANN welcomes and recognizes the past, present, and future engagement of all stakeholders into ICANN's planning process, whether relative to the strategic plan, operating plan, budget, or ongoing operational and financial updates.

Need Help Understanding the Proposed for Adoption Budget?
The Acronyms and Terms feature on ICANN.org defines and explains the terminology used in this document.

What is in the FY21 Proposed for Adoption Budget?
The following section explains the terms used to describe the constituent elements of the overall ICANN Proposed for Adoption Budget.

Total ICANN Budget
Total ICANN describes both budgetary components of ICANN (ICANN Operations and New gTLD Program) combined with the IANA Budget.

ICANN Operations
ICANN Operations consist of the ongoing activities performed to coordinate the Internet's technical functions such as the technical coordination, including the allocation and assignment of names in the root zone, of the domain name system (DNS), facilitation of the coordination of the operation and evolution of the DNS root name server system and the coordination of the unique identifiers and codes that keep the DNS running smoothly. In addition, ICANN Operations include the coordination of the development and implementation of policies concerning the registration of second-level domain names in generic top-level domains and contractual compliance, along with all of the services needed to keep these activities operational These activities include the development of policies designed to maintain the security, stability, and resiliency of the DNS.

New Generic Top-Level Domain Program
The New Generic Top-Level Domain Program (New gTLD Program) is implemented by ICANN org to enable the expansion of the DNS. The New gTLD Program has made it possible for communities, governments, businesses, and brands to apply to operate a gTLD registry, the database of all domain names registered in a top-level domain. The New gTLD Program aims to enhance innovation, competition, and consumer choice.

Public Technical Identifiers
Public Technical Identifiers (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) functions to PTI. The IANA functions include maintenance of Internet number resources, management of the DNS root zone, and other operational aspects of coordinating the Internet's unique identifiers.

The ICANN Proposed for Adoption FY21 Budget 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 the ICANN FY21 Proposed for Adoption Budget, combining ICANN Operations and the New gTLD Program.

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

IANA Operations

The IANA FY21 Operating Plan and Budget was posted for Public Comment in September 2019 and was adopted by the ICANN Board in January 2020.

IANA operations are a part of ICANN's total operations and are documented in the ICANN FY21 Operating Plan and Budget.

2 Planning and Budget Overview

The following illustration depicts the five-year planning cycle for FY21-25. The planning process consists of the ICANN Strategic Plan for FY21-25 and the Five-Year Operating Plan, which provide input and a basis for the annual planning process. The process includes consultation on and development of the IANA Operating Plan and Budget, which feeds into the total ICANN Operating Plan and Budget.

3 ICANN Operations

This section provides an overview of the ICANN Operations funding and cash expenses.

3.1 Financial Overview

3.1.1 FY21 Proposed for Adoption Budget versus FY21 Draft Budget

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.

3.1.2 FY21 Proposed for Adoption Budget versus FY20 Forecast

The following table compares ICANN org funding and expenses in the FY21 Proposed for Adoption Budget to the FY20 Forecast, which assumes the pandemic impact in the months of March to June of fiscal year 2020. Compared to the FY20 Forecast, the FY21 Proposed for Adoption Budget funding is $8.2M lower, and expenses are $7.7M higher. Neither the FY21 Proposed for Adoption Budget nor the FY20 Forecast plan for a $3.0 million contribution to the Reserve Fund.

In Millions, USD	FY21 Proposed for Adoption Budget Total ICANN Operations	FY20 Forecast Total ICANN Operations	Under/(Over) vs. FY20 Forecast Total ICANN Operations	%
Funding	**$129.3**	**$137.5**	**($8.2)**	**-6%**
Personnel	76.0	72.4	(3.6)	-5%
Travel & Meetings	12.4	8.0	(4.4)	-54%
Professional Svcs.	17.0	18.8	1.8	10%
Administration [1] & Capital	18.7	18.1	(0.6)	-3%
Contingency [2]	5.2	4.3	(0.9)	-20%
Cash Expenses	**$129.3**	**$121.6**	**($7.7)**	**-6%**
Excess/(Deficit) Before Contribution	**($0.0)**	**$15.9**	**($15.9)**	**-100%**
Reserve Fund Contribution	**$0.0**	**$0.0**	**$0.0**	**n/a**
Net Operating Excess/(Deficit)	**($0.0)**	**$15.9**	**($15.9)**	**-100%**
Average Headcount	**395**	**389**	**6**	**1%**

(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.

3.1.3 ICANN Financial Trend

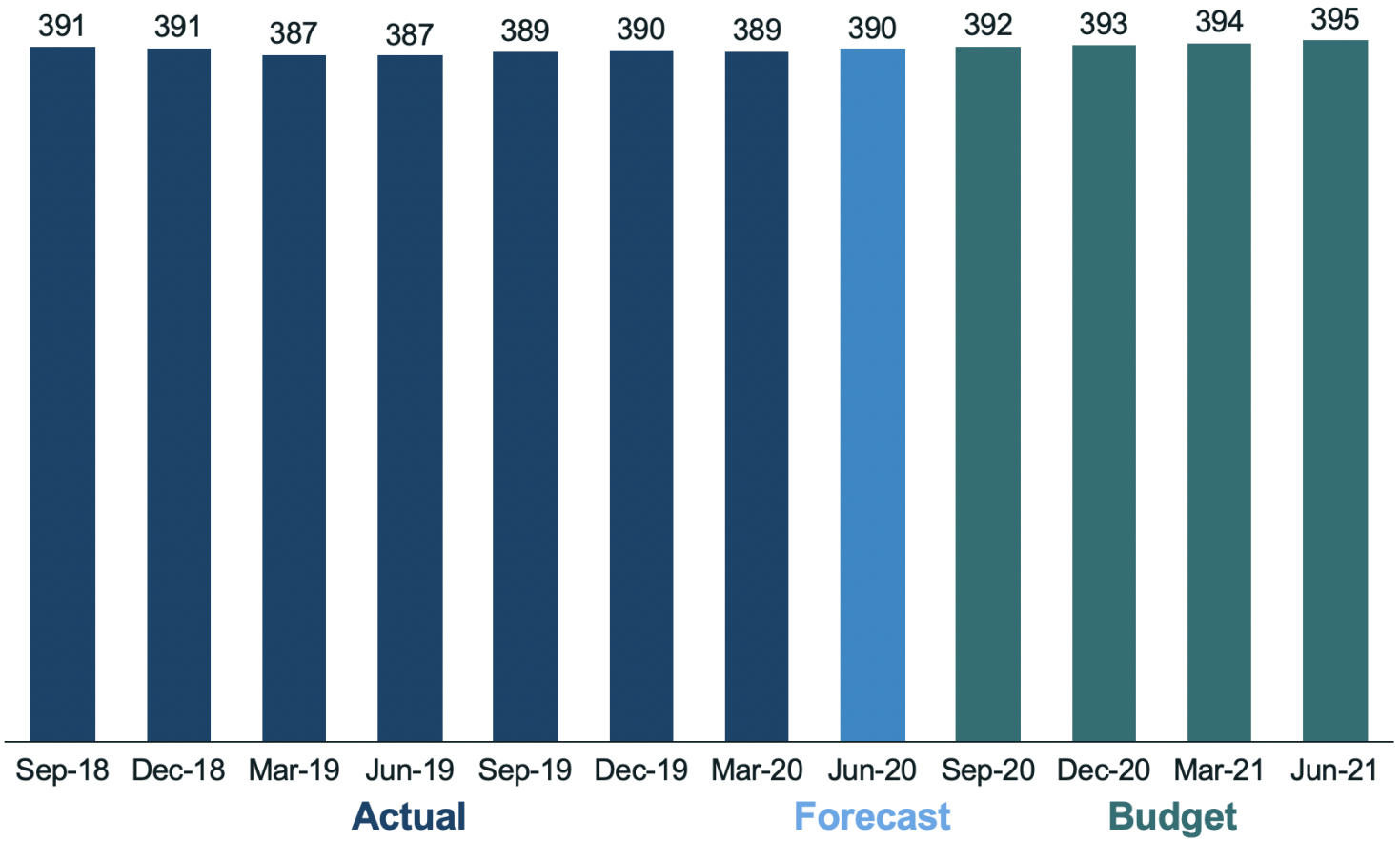
This section is an overview of FY21 projections compared to prior fiscal years. ICANN org recognizes the need to establish long-term financial planning during the strategic plan development process. The Board requested that ICANN org develop an approach for long-term financial planning, including how to engage and inform the community.

In Millions, USD	FY17 Actuals Total ICANN Operations	FY18 Actuals Total ICANN Operations	FY19 Actuals Total ICANN Operations	FY20 Forecast Total ICANN Operations	FY21 Proposed for Adoption Budget Total ICANN Operations
Funding	**$134.6**	**$133.8**	**$136.4**	**$137.5**	**$129.3**
Personnel	59.5	69.9	72.3	72.4	76.0
Travel & Meetings	18.1	15.7	15.5	8.0	12.4
Professional Svcs.	23.5	25.1	23.4	18.8	17.0
Administration (1) & Capital	27.4	20.2	18.9	18.1	18.7
Contingency (2)				4.3	5.2
Cash Expenses	**$128.5**	**$130.9**	**$130.0**	**$121.6**	**$129.3**
Increase/ (Decrease) to Net Assets	**$6.1**	**$3.0**	**$6.4**	**$15.9**	**$0.0**
Reserve Fund	5.0	3.0	3.0	0.0	0.0
Increase/ (Decrease) to Net Assets	**$1.1**	**$0.0**	**$3.4**	**$15.9**	**$0.0**
Average Headcount	**378**	**397**	**390**	**389**	**395**

(1) ICANN Operations cash expenses excludes Depreciation and Bad Debt.
(2) The FY20 and FY21 contingency expense represents an amount of budgeted expenses unallocated to specific activities or departments. FY17, FY18 & FY19 activities covered by the contingency have been reported in the expense categories above based on the nature of the expense.

3.1.4 Three-Year Headcount Overview

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.



3.2 ICANN Operations Funding

Considering the uncertainty of the impact that COVID-19 has on the DNS industry, ICANN org has developed a broad range of possible scenarios for funding. ICANN org developed a "Medium" scenario, which is reflected in the FY21 Proposed for Adoption Budget. In addition, ICANN org developed "Low" and "High" scenario estimates to consider alternate values for assumptions that have a financial impact on the organization's funding, thereby providing lower and upper bound values in its projections. While ICANN org does not rely on these two scenarios to plan its operations, such "Low" and "High" scenarios are helpful to develop contingency plans that address the possibility that such scenarios become reality.

ICANN has modeled three funding scenarios that can be described as follows:

- Medium scenario: Representing the funding outcome deemed most likely to occur, this scenario assumes funding is lower than the FY21 Draft Budget by $11M due to a decline in domain registrations and a decline in the number of contracted parties.
- Low scenario: Funding is lower than the FY21 Draft Budget by $25M due to a significant loss of domain registrations and a significant decline in the number of contracted parties.

In both scenarios above, the number of contracted parties would decrease by the end of FY21.

- Low scenario: Funding is lower than the FY21 Draft Budget by $25M due to a significant loss of domain registrations and a significant decline in the number of contracted parties.
- High scenario: Funding is aligned with previous FY21 Draft budget, however the mix of funding changes. ICANN org projects a decline in the number of New gTLD transactions along with a decline in the number of contracted parties, however this is offset by growth from Legacy TLD's as the demand for domain registrations increases due to impact from the pandemic.

The table below is an overview of ICANN's funding, using assumptions that support the latest FY21 projections. The information in the "Medium Estimate" column matches the FY21 funding included in the FY21 Proposed for Adoption Budget. References to growth and declines are in comparison with the FY20 Forecast.

	Funding Type	Medium Estimate	High Estimate	Low Estimate
Legacy TLDs	Transaction-based Fees	(2.3%) decline	7.5% growth	(12.6%) decline
New TLDs	Fixed Fees	Decrease of 62 TLDs, starting FY21 with 1,174 and ending with 1,112	Decrease of 11 TLDs, starting FY21 with 1,174 and ending with 1,163	Decrease of 197 TLDs, starting FY21 with 1,174 and ending with 977
	Transaction-based Fees	(33.1%) decline	(21.1%) decline	(48.1%) decline

	Funding Type	Medium Estimate	High Estimate	Low Estimate
Registrar Accreditation	Application Fees	No new application fees	No new application fees	No new application fees
	Accreditation Fees	Registrar base decreases by 380	Registrar base increases by 9 accreditations	Registrar base decreases by 780
	Per-registrar Variable Fees	$3.4 million, consistent with prior years	$3.4 million, consistent with prior years	$3.4 million, consistent with prior years

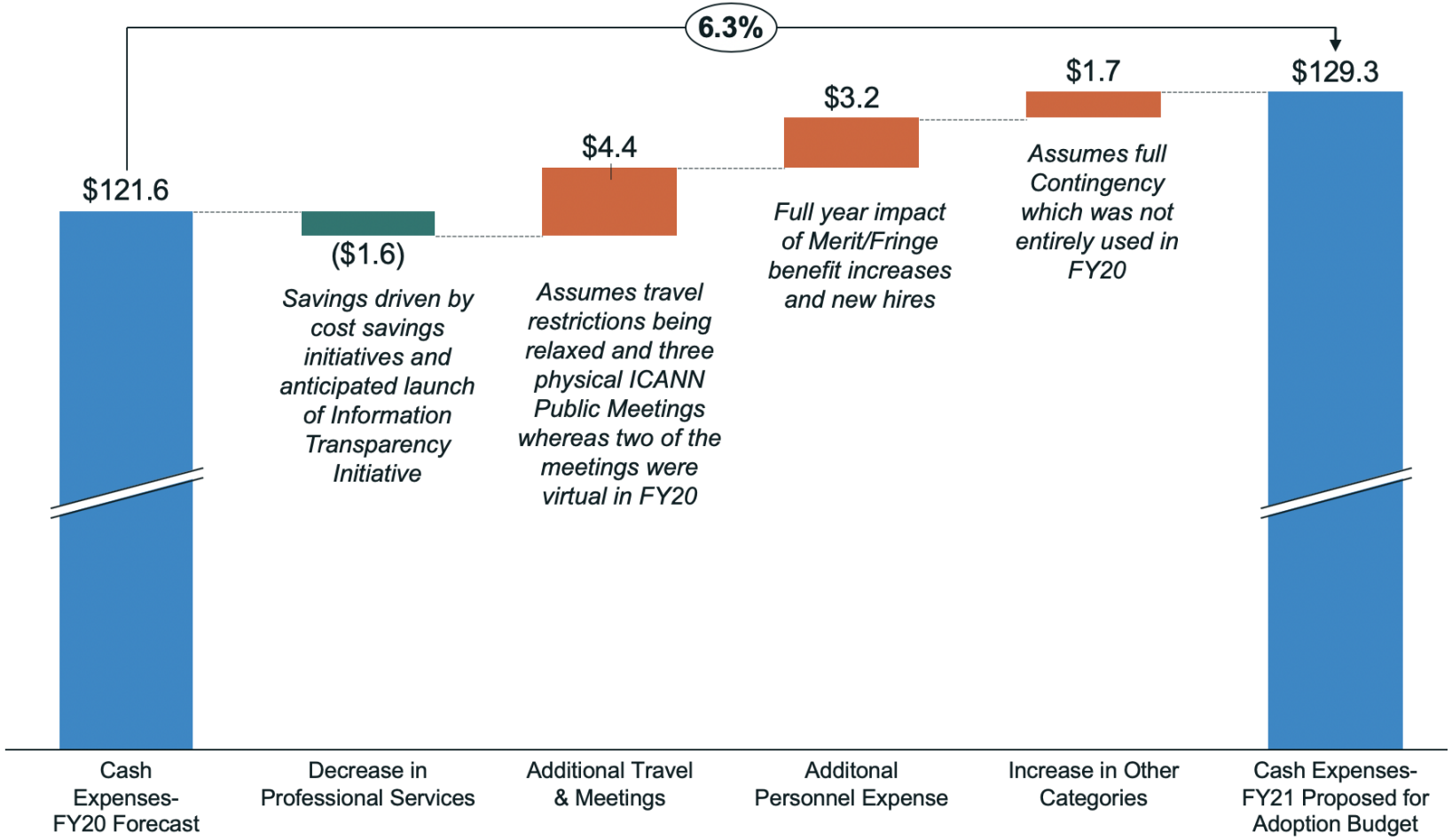
The chart below shows ICANN Operations funding by source and type. The FY21 Proposed for Adoption Budget figures reflect the Medium Estimate information in the previous chart compared to the FY20 Forecast. The High and Low scenarios from the previous chart are also shown for reference.

In Millions, US Dollars	FY21 Proposed for Adoption Budget	FY20 Forecast	Over/(Under) $	Over/(Under) %	Other FY21 Scenarios High	Other FY21 Scenarios 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**
Volume: legacy transactions (millions)	*165.2*	*168.4*	*(3.3)*	*(2%)*	*181.6*	*147.7*
Volume: New gTLD transactions (millions)	*19.5*	*29.2*	*(9.7)*	*(33%)*	*24.0*	*15.1*
Sub-total	*184.7*	*197.7*	*(13.0)*	*(7%)*	*205.6*	*162.8*
Volume: New gTLD billable transactions (millions)	*18.1*	*27.0*	*(9.0)*	*(33%)*	*20.5*	*14.0*
New gTLD Billable rate - average	*92.6%*	*92.6%*	*0.0%*		*85.5%*	*92.5%*
Registry Fixed Fees	**28.4**	**29.7**	**(1.3)**	**(4%)**	**29.3**	**26.2**
Count of total Registries/TLDs - at end of year	*1,112*	*1,174*	*(62)*	*(5%)*	*1,163*	*977*
Incr./(Decr.) new Registries/TLDs - at end of year	*(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**
Count of total Registrars - at end of year	*1,977*	*2,357*	*(380)*	*(16%)*	*2,366*	*1,577*
Incr./(Decr.) new Registrars - at end of year	*(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**

3.3 ICANN Operations Cash Expenses

The chart below shows the variances between the cash expenses of the FY20 Forecast and the FY21 Proposed for Adoption Budget. While the FY20 cash expenses were impacted by the economic crisis, ICANN org assumes the majority of activities to occur in FY21 as originally planned at slightly reduced rates. Please note the bars in the chart are not to scale.



3.3.1 Constituent Travel

ICANN provides travel support for selected community members to: (i) advance the work of ICANN; (ii) provide support for those who might otherwise not be able to afford to attend ICANN meetings; and (iii) broaden participation in ICANN's processes. ICANN.org publishes travel guidelines and regular reports that form the basis for making travel allocations.

The number, cost, and support of funded seats for Supporting Organization (SO) and Advisory Committee (AC) constituent travel remain at FY20 budget levels. Likewise, the number of travel seats funded for Fellows and NextGen at each of the three ICANN Public Meetings remains the same as FY20 budget levels.

ICANN Meeting Constituent Travel by SO/AC	ICANN69 - Hamburg		ICANN70 - Cancun		ICANN71 - The Hague	
	TRIPS	AMOUNT	TRIPS	AMOUNT	TRIPS	AMOUNT
ALAC	29	$99,981	29	$73,567	29	$97,851
Fellows	45	$146,250	45	$112,500	45	$146,250
ccNSO	17	$60,981	17	$43,567	17	$58,851
GAC	40	$130,000	40	$100,000	40	$130,000
GNSO	49	$164,981	49	$123,567	49	$162,851
NextGen	15	$48,750	15	$37,500	15	$48,750
RSSAC	6	$30,962	6	$17,134	6	$26,703
SSAC	16	$57,731	16	$41,067	16	$55,601
Technical Liaison Group	8	$66,648	8	$23,336	8	$26,000
Incoming Travelers	10	$32,500	-	-	-	-
NomCom Selectees	4	$13,000	-	-	-	-
Total	**239**	**$851,784**	**225**	**$572,238**	**225**	**$752,858**
ICANN Meetings Subtotal	**$2,176,880**					

OTHER SO/AC Events	
Placeholder for SO/AC Additional Budget Requests	$300,000
LACRALO General Assembly in Cancún, Mexico	$104,286
EURALO Assembly in Trieste, Italy	$65,115
CROP Program	$50,000
Total	**$519,402**

FY21 Budget - Constituent Travel	**$2,696,282**

3.3.2 Additional Budget Requests (ABRs)

ICANN org received 34 individual ABRs this year. Each proposal has been assessed and evaluated by ICANN senior staff in line with the assessment principles established for the ABR process. The requests received for FY21 included a number of proposals for community participation in Internet governance-related events outside of the ICANN meeting structure, as well as outreach opportunities. In line with the assumptions underlying the FY21 Proposed for Adoption Budget and, consistent with the assessment principles, the ABR assessment process focused on facilitating effective and sustainable community work through:

- Granting the available resources to those requests which are directly and demonstrably related to current ICANN policy development, advisory, and technical work.
- Prioritizing travel-related requests linked to events that are intended to take place at an ICANN Public Meeting or other ICANN-organized meeting (e.g., the GDD Summit).
- Addressing capacity building objectives through encouraging collaboration with ICANN's Public Responsibility Support and Global Stakeholder Engagement teams, including development of online (rather than face-to-face) training material.
- Considering the availability of resources, both financial and personnel, to support the individual and collective requests submitted.

Approved Additional Budget Request Submissions- 15

Request No.	Organization	Document Title	Approved Amount
FY21-11	ALAC	RALO Discretionary Funding	20,000
FY21-12	ALAC	Real Time Captioning RTT services in English and Spanish	18,000
FY21-18	BC	BC outreach materials	15,000
FY21-24	GAC	FY20 Continuation of GAC Capacity Development Workshops	40,000
FY21-25	GAC	Additional Travel Support for Senior Government Travelers to the FY21 High-Level Government Meeting (HLGM) at ICANN69 – Hamburg.	60,000
FY21-21	GNSO	GNSO Process and Historical Knowledge Capture	8,000
FY21-22	GNSO	GNSO Council Strategic Planning Session	65,000
FY21-23	GNSO	GNSO Additional Community Travel Support Funding	19,500
FY21-26	NCSG	Policy Writing and Advocacy Training	12,000
FY21-10	NCUC	Continuation of Communication Support	15,000
FY21-9	NCUC	Enhancing Civil Society Advocacy at ICANN	8,000
FY21-33	RALO	Training for EURALO ALSes (At EURALO GA in FY21)	4,000
FY21-34	RALO	Education/Training - Academy LACRALO	3,000
FY21-15	RrSG	Support for RrSG Attendance at GDD	19,135
FY21-5	RySG	GDD Travel Funding - Priority #2	19,135
Total			**325,770**

3.4 Risks and Opportunities

This section identifies risks and opportunities in the FY21 Proposed for Adoption Budget. Each scenario is classified as related to funding or expense, includes an estimated US dollar impact, and assigned a probability of "Low," "Medium," or "High."

A risk is defined as "lower funding" or "higher expense." An opportunity is defined as "higher funding" or "lower expense."

Risks	Potential Amount	Probability
Funding: lower than budget due to higher than planned losses of domain registrations and contracted parties	-$5.0 million	Medium
Expense: costs resulting from Board-approved implementation (CCT, WS2, EPDP, RSSAC 37-38, etc.)	-$1.5 million	Medium
Expense: GDPR compliance	TBD	Medium
Expense: Litigation and Accountability Mechanisms risk	TBD	Unknown

Opportunities	Potential Amount	Probability
Funding: higher new gTLD transaction growth	+$0.5 million	Low
Expense: lower travel and meetings due to travel restrictions	+$1.0 million	High
Expense: lower vendor costs due to project delays	+$2.0 million	Medium

3.5 Contingency and Activities in Progress

Only activities supporting the implementation of Board-approved policies or review recommendations are specifically included in the budget. Implementation activities for policies or review recommendations not yet approved by the Board will be scheduled, if and when approved by the Board, on the basis of resources reallocated from other activities.

3.5.1 Contingency

The contingency is an amount included in the budget, but not allocated to any specific activities. This allows for the flexibility to cover the difference between projected and actual costs, expenses impossible to forecast such as litigation costs, or activities that have been confirmed for implementation by the Board after the budget was finalized. The contingency in the FY21 Proposed for Adoption Budget is $5.2M (approximately 4% of total expenses).

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

- Operating Initiatives that require incremental resources
- New gTLD Subsequent Procedures policy development process (PDP)
- Specific and Organizational Reviews
- Policy development and compliance required by the European Union's General Data Protection Regulation (GDPR)
- The Cross-Community Working Group on Enhancing ICANN Accountability, Work Stream 2
- Other unanticipated expenses

3.5.2 Potential Implementation Projects and Activities

ICANN org supports the community-based activities, which leads to review recommendations and cross-community working group recommendations, policy drafts, and advice recommendations. At any point in time, there are such 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 move forward and reach the stage of Board consideration, ICANN org can then design the expected implementation work.

The resources supporting the implementation of these recommendations consist mainly of ICANN org personnel contributing as required based on the nature of implementation work. Some additional specific resources may be required on a case by case basis. During the annual planning cycle, the implementation activities expected to occur during the year planned for are incorporated into the annual operating plan.

See **Appendix A** of the FY21-25 Operating and Financial Plan for more information on the implementation activities expected to occur during the five-year plan. The implementation activities below are expected to take place in FY21.

Implementation of Recommendations from Review Teams
In general, review team recommendations that were not or have not yet been approved by the Board are not included in the FY21 Proposed for Adoption Budget. When the Board reviews recommendations, it considers resource requirements as part of its overall review. Review recommendations may be accepted with scheduled implementation (by ICANN org or by community bodies as appropriate), accepted with delayed implementation, or rejected. This approach, which involves discussion with the community, applies to all review recommendations not yet approved by the Board.

Data Privacy-Related FY21 Implementation Activities
Data privacy encompasses specific areas of work, such as GDPR implementation and the e-privacy directive. These have resources allocated for FY20 because ICANN org anticipates implementation work for GDPR to conclude in FY20. Consequently, no resources have been allocated specifically for GDPR-related implementation work in FY21.

Cross-Community Working Group on Enhancing ICANN Accountability (CCWG-Accountability) Work Stream 2 (WS2) Implementation
The recommendations from the CCWG-Accountability WS2 were recently adopted by the Board during the ICANN66 Public Meeting. At the time of publication of this document, ICANN org has initiated the development of an implementation plan. Until such a plan is completed, the implementation activities and resources required are unknown. However, as the plan is being developed, completed, and potentially adopted by the Board between the time of publication of this document and the end of FY21, such plan will include suggested funding mechanisms for the implementation activities, including for those that are suggested to be implemented during FY21, through contingency funding or other mechanisms as appropriate.

Auction Proceeds
Auction proceeds are generated from ICANN-authorized service provider auctions as the method of last resort to resolve string contention in the New gTLD Program.

The Cross-Community Working Group on New gTLD Auction Proceeds (CCWG-AP) is currently developing recommendations on how to allocate the proceeds. The CCWG-AP's proposal will be subjected to community review and will be considered for approval by the Board. Implementation of the Board's draft recommendations and resulting expenses are not included.

The CCWG-AP's work is being funded from the ICANN budget, not by auction proceeds. However, any implementation costs resulting from the CCWG-AP recommendations will be funded from auction proceeds.

Implementation of New gTLD Subsequent Procedures PDP
The New gTLD Subsequent Procedures Policy Development Process (PDP) Working Group is reviewing new gTLD policies to propose changes or new policies or procedures. No resources are in the FY21 Proposed for Adoption Budget for this implementation work. The

Working Group will need to work with the org and Board to identify necessary resources to support implementation. There are, however, resources planned in FY21 to support the Working Group.

3.6 Caretaker Budget

Article 6, section 6.2 of the ICANN Bylaws, Powers and Acknowledgements, defines the powers and rights attributed to the Empowered Community. One of those powers follows: "(iii) Reject ICANN Budgets, IANA Budgets, Operating Plans (as defined in Section 22.5(a)(i)) and Strategic Plans (as defined in Section 22.5(b)(i))."

After approval by the Board, the IANA and ICANN budgets each come into effect after giving time for the Empowered Community to consider whether it will raise a petition to reject either budget. This is typically a 28-day period (21 days to raise a petition, seven days to achieve support). Therefore, even when no petition is raised against the budget, there is a 28-day waiting period for the budget to go into effect.

If the Board approves either the IANA budget or the ICANN budget for the next fiscal year with less than 28 days remaining before that fiscal year begins, then a Caretaker Budget must be drafted. Under the ICANN Bylaws, there is both a Caretaker ICANN Budget and a Caretaker IANA Budget (described at Annexes E and F, respectively). The respective budgets:

- Must go into effect if the ICANN budget or IANA budget at issue cannot come into full force at the beginning of a fiscal year.
- Remain in effect during any Empowered Community Petition Process, if initiated.
- Continue to be in effect until the budget at issue is approved by the Board and not rejected by the Empowered Community.

The following steps are a pragmatic approach to define the ICANN or IANA Caretaker Budget:

- Use the Operating Plan and Budget that the ICANN Board would adopt as a basis while respecting the principles of the Caretaker Budget:
    - Suspend the publication of any new positions for hire effective from the date of the rejection by the Empowered Community (the veto date) until a new budget is adopted by the Board.
    - Reduce by 10% the total allowed expenses for the following categories for the period starting on the date of rejection by the Empowered Community until a new budget is adopted by the Board and not rejected by the Empowered Community, using the monthly breakdown of the Proposed for Adoption Budget:
        - Travel/Meeting.
        - Professional services of the Proposed for Adoption Budget.
    - Exclude any expense directly associated with the reason for which the Empowered Community rejected the Proposed for Adoption Budget, if such expense can reasonably be isolated and avoided.

4 IANA Budget

Given the critical infrastructure role of this function, the IANA FY21 Operating Plan and Budget remains the same as what was published in ICANN's FY21 Draft Budget document.

The planning process for the IANA budgets is part of the ICANN planning process. The IANA multiyear plans are a part of ICANN's Five-Year Operating Plan. The IANA FY21 Operating Plan and Budget is a component of ICANN's FY21 Operating Plan and Budget. PTI is required to submit a budget to ICANN at least nine months in advance of the fiscal year.

Consultations were conducted on the IANA FY21 Operating Plan and Budget. After developing a final proposed draft, the Draft IANA FY21 Operating Plan and Budget was published for Public Comment from 14 October 2019 through 27 November 2019. A report of submissions to Public Comment was published mid-December 2019. The completed FY21 IANA Operating Plan and Budget was adopted by the ICANN Board in January 2020.

4.1 IANA Budget Overview

ICANN org receives input from PTI on its budget and then develops an IANA budget each year. The Draft IANA FY21 Operating Plan and Budget is presented for Public Comment using ICANN's Public Comment process. When that process ends, ICANN organization develops a proposed operating plan and budget for the ICANN Board to review and adopt. The ICANN Proposed for Adoption Budget forms the basis for ICANN's funding of IANA operations.

FY21 IANA Budget in Millions, USD		IANA Budget FY21	IANA Forecast FY20	Under/(Over) Total	Under/(Over) %	IANA Actuals FY19	Under/(Over) Total	Under/(Over) %
FUNDING		**$10.6**	**$10.5**	**($0.1)**	**-1.0%**	**$8.3**	**($2.3)**	**-27.3%**
Personnel		$6.6	$6.3	($0.3)	-5.0%	$4.9	($1.7)	-34.2%
Travel & Meetings		$0.5	$0.5	$0.0	0.1%	$0.5	($0.0)	-7.9%
Professional Services		$1.7	$1.7	$0.0	0.1%	$1.5	($0.2)	-10.2%
Administration		$0.9	$1.1	$0.2	18.3%	$0.9	($0.0)	-4.7%
Contingency		$0.5	$0.5	$0.0	0.0%	$0.0	($0.5)	0.0%
Capital		$0.1	$0.1	$0.0	0.0%	$0.3	$0.2	64.0%
Depreciation	(a)	$0.3	$0.3	$0.0	0.0%	$0.1	($0.2)	-425.4%
TOTAL CASH EXPENSES		**$10.6**	**$10.5**	**($0.1)**	**-1.0%**	**$8.2**	**($2.4)**	**-29.2%**
EXCESS/(DEFICIT)		$0.0	$0.0	$0.0	100.0%	$0.1	$0.1	100.0%
Average Headcount (FTE)	(b)	24.7	24.9	0.2	0.8%	21.0	(3.7)	-17.6%

(a) Depreciation is treated as a cash expense for PTI since it will be reimbursed to ICANN
(b) FTE: Full-time staff equivalent

FY21 IANA Budget in Millions, USD		FY21 IANA Budget	FY20 IANA Forecast	Under/(Over) Total	Under/(Over) %	FY19 IANA Actuals	Under/(Over) Total	Under/(Over) %
PTI Services		$10.0	$9.9	($0.1)	-1.2%	$7.9	($2.1)	-26.8%
IANA Services	(a)	$0.6	$0.6	$0.0	2.9%	$0.4	($0.2)	-36.2%
TOTAL		**$10.6**	**$10.5**	**($0.1)**	**-1.0%**	**$8.3**	**($2.3)**	**-27.3%**

(a) IANA Services includes the Root Zone Maintainer function, Customer Standing Committee, Root Zone Evolution Committee and IANA Naming Function reviews
These costs are funded by ICANN Operations.

5 New gTLD Program

The New gTLD Program is a $360-million multiyear program launched in 2012 to create new top-level domains. A key goal of the program is to enhance competition, innovation, and consumer choice.

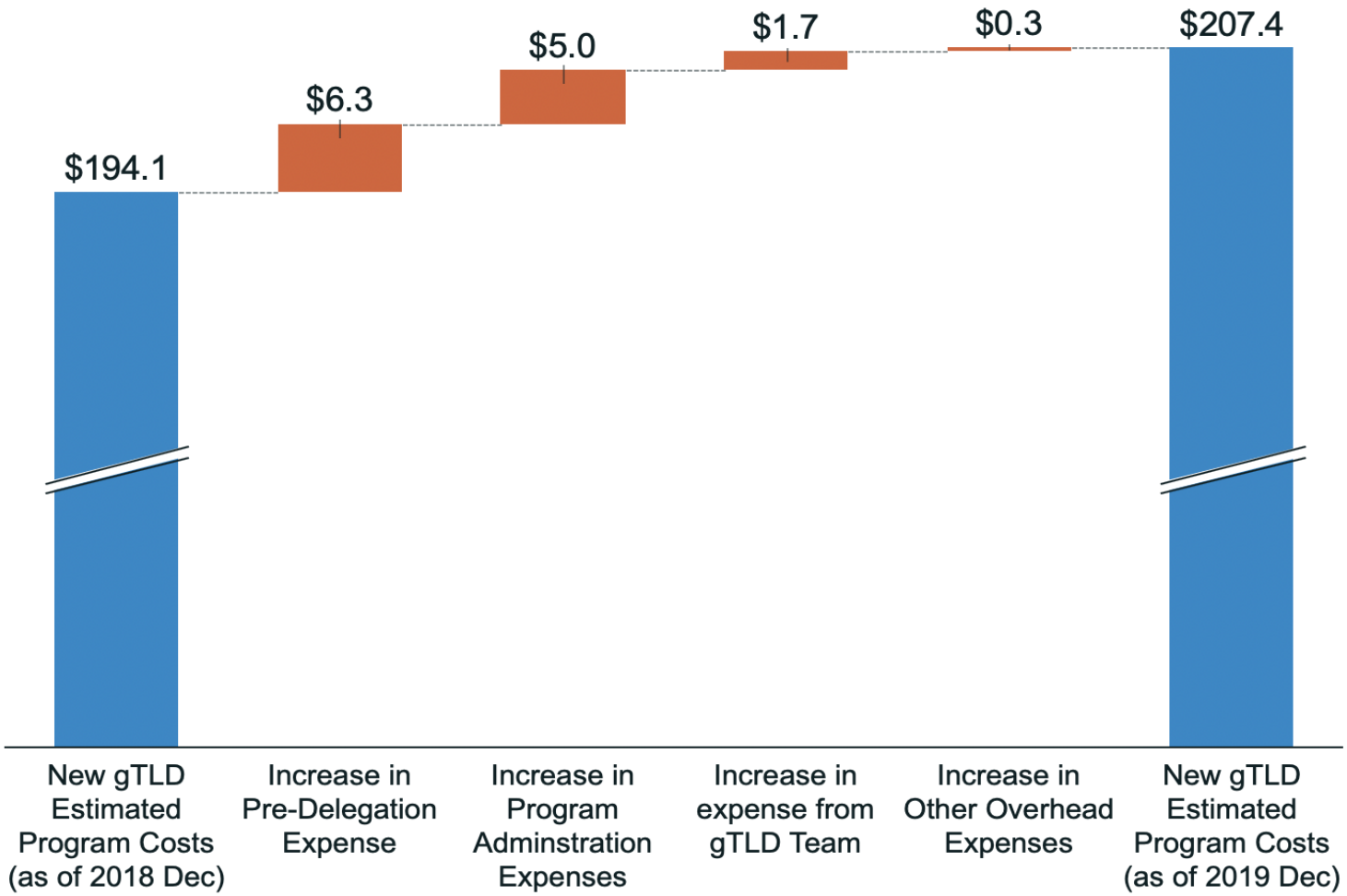
5.1 Multiyear View

ICANN org periodically reviews the total estimated costs of the New gTLD Program. The projected end date has changed since the prior publication of the program in the ICANN Adopted FY20 Budget. ICANN org currently estimates that the program will end sometime after fiscal year 2022. The chart below shows the multiyear projections for the New gTLD Program.

USD in thousands	Statement of Activities by Fiscal Year					Statement of Activities for Full Program (Dec 2019)	Statement of Activities for Full Program (Dec 2018)
	FY12 - FY18 Actual	FY19 Actual	FY20 Forecast	FY21 Budget	FY22 & Beyond Forecast		
New gTLD Applicant Fees	$322.4	$9.2	$5.9	$5.9	$17.7	$361.0	$361.0
ICANN Applicant Support Contributions	-	-	-	-	-	-	-
Additional Fees	1.4	-	(0.0)	(0.0)	(0.1)	1.1	1.1
Refunds	(44.2)	(2.3)	(0.5)	(0.8)	(1.2)	(49.0)	(52.7)
Revenue (Net of Refunds)	**$279.5**	**$6.9**	**$5.3**	**$5.1**	**$16.4**	**$313.2**	**$309.5**
Initial Evaluation	(65.9)	-	-	-	-	(65.9)	(65.9)
Extended Evaluation	(1.6)	-	-	-	-	(1.6)	(1.6)
Quality Control	(7.6)	-	-	-	-	(7.6)	(7.6)
String Contentions	(0.0)	-	-	-	-	(0.0)	(0.0)
Objection Processes	(3.5)	-	-	-	-	(3.5)	(3.5)
Pre-delegation	(13.1)	(1.2)	(1.3)	(1.2)	(3.7)	(20.4)	(14.0)
Program Administration	(26.4)	(1.6)	(2.2)	(2.7)	(8.0)	(40.9)	(36.0)
gTLD Team	(14.4)	(0.4)	(0.4)	(0.4)	(1.2)	(16.9)	(13.8)
ICANN Staff Allocation	(39.2)	(1.0)	(1.0)	(1.0)	(3.0)	(45.3)	(46.7)
Other Overhead/Reclassifications	(5.1)	(0.2)	-	-	-	(5.2)	(4.9)
Total Operating Expenses	**($176.8)**	**($4.4)**	**($4.9)**	**($5.3)**	**($16.0)**	**($207.3)**	**($194.1)**
Investment Income/(Loss)	9.7	6.4	-	-	-	16.1	6.4
Investment Unrealized Gains/(Losses)	0.4	2.6	-	-	-	2.9	0.7
Investment Realized Gains/(Losses)	(0.5)	(0.2)	-	-	-	(0.6)	(0.4)
Investment Management Fees	(1.4)	(0.5)	-	-	-	(1.9)	(1.0)
Historical Development Costs	(30.9)	(1.5)	-	-	-	(32.5)	(32.5)
Refund of RPM Access Fee	(6.1)	-	-	-	-	(6.1)	(6.1)
Risk Costs	(16.7)	(5.1)	-	-	-	(21.8)	(18.0)
Total Other Income/(Expense)	**($45.5)**	**$1.7**	**-**	**-**	**-**	**($43.8)**	**($51.1)**
Total Expenses	**($222.3)**	**($2.7)**	**($4.9)**	**($5.3)**	**($16.0)**	**($251.2)**	**($245.2)**
Change in Net Remaining Funds	**$57.2**	**$4.2**	**$0.4**	**$0.3**	**$0.4**	**$62.0**	**$64.3**

5.2 New gTLD Cash Expense Variance Analysis

The New gTLD Program end date revision is a key driver of the increase in costs. The chart below represents the change in New gTLD Program costs. Please note the bars are not to scale.



5.3 New gTLD Risks and Opportunities

This section outlines the risks and opportunities in the FY21 Proposed for Adoption Budget and classifies each as funding or expense related, with a potential US dollar impact and an assigned probability of "Low," "Medium," or "High."

A risk is defined as "lower funding" or "higher expense." An opportunity is defined as "higher funding" or "lower expense."

Risks	Potential Amount	Probability
Expense: Unable to complete application processing and withdrawals by the end of FY21 as per current forecast.	-$2.0 million	High
Expense: Given the level of accountability mechanisms and litigation expenditu are likely to continue at a similar rate through FY20 and beyond. This could impact the remaining program funds at completion.	-$5.0 million	Medium

Opportunities	Potential Amount	Probability
Expense: Board to take action to bring 2012 round application processing to completion.	+$2.0 million	Low

6 Total ICANN Overview

6.1 FY21 Financial Overview

The following table compares total ICANN funding and expenses in the FY21 Proposed for Adoption Budget to the Draft FY21 Budget, which was published in December 2019 before the impact of the COVID-19 pandemic was known or estimated. Compared to the Draft FY21 Budget, the FY21 Proposed for Adoption Budget funding is $11.1M lower, and expenses are $8.1M lower. The New gTLD Program remains the same as what was published in ICANN's Draft FY2 Budget. 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			FY21 Draft Budget			Under/(Over) vs. FY21 Draft Budget			
	Total ICANN Operations	New gTLD	Total ICANN	Total ICANN Operations	New gTLD	Total ICANN	Total ICANN Operations	New gTLD	Total ICANN	%
Funding	**$129.3**	**$5.1**	**$134.3**	**$140.4**	**$5.1**	**$145.5**	**($11.1)**	**$0.0**	**($11.1)**	**-8%**
Personnel	76.0	1.0	77.0	78.3	1.0	79.3	2.3	0.0	2.3	3%
Travel & Meetings	12.4	0.1	12.5	15.6	0.1	15.7	3.2	0.0	3.2	20%
Professional Svcs.	17.0	4.1	21.1	20.2	4.1	24.3	3.2	0.0	3.2	13%
Administration (1) & Capital	18.7	0.1	18.8	18.1	0.1	18.2	(0.6)	0.0	(0.6)	-3%
Contingency (2)	5.2	0.0	5.2	5.2	0.0	5.2	0.0	0.0	0.0	0%
Cash Expenses	**$129.3**	**$5.4**	**$134.6**	**$137.4**	**$5.4**	**$142.8**	**$8.1**	**$0.0**	**$8.1**	**6%**
Excess/(Deficit) Before Contribution	**($0.0)**	**($0.3)**	**($0.3)**	**$3.0**	**($0.3)**	**$2.7**	**($3.0)**	**$0.0**	**($3.0)**	**-111%**
Reserve Fund Contribution	**$0.0**	**$0.0**	**$0.0**	**$3.0**	**$0.0**	**$3.0**	**($3.0)**	**$0.0**	**($3.0)**	**-100%**
Net Operating Excess/(Deficit)	**($0.0)**	**($0.3)**	**($0.3)**	**($0.0)**	**($0.3)**	**($0.3)**	**($0.0)**	**$0.0**	**($0.0)**	**2%**
Average Headcount	**395**	**-**	**395**	**410**	**-**	**410**	**-15**	**-**	**-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.

The following table compares total ICANN funding and expenses in the FY21 Proposed for Adoption Budget to the FY20 Forecast, which assumes impact from COVID-19 in the months of March to June of FY200. Compared to the FY20 Forecast, the FY21 Proposed for Adoption Budget funding is $8.2M lower, and expenses are $8.2M lower. The New gTLD Program remains the same as what was published in ICANN's Draft FY21 Budget document. Neither the FY21 Proposed for Adoption Budget nor the FY20 Forecast plans for a $3.0 million contribution to the Reserve Fund.

In Millions, USD	FY21 Proposed for Adoption Budget			FY20 Forecast			Under/(Over) vs. FY20 Forecast			
	Total ICANN Operations	New gTLD	Total ICANN	Total ICANN Operations	New gTLD	Total ICANN	Total ICANN Operations	New gTLD	Total ICANN	%
Funding	**$129.3**	**$5.1**	**$134.3**	**$137.5**	**$11.7**	**$149.2**	**($8.2)**	**($6.7)**	**($14.9)**	**-10%**
Personnel	76.0	1.0	77.0	72.4	2.0	74.4	(3.6)	1.0	(2.7)	-4%
Travel & Meetings	12.4	0.1	12.5	8.0	0.4	8.4	(4.4)	0.3	(4.1)	-49%
Professional Svcs.	17.0	4.1	21.1	18.8	4.7	23.5	1.8	0.6	2.4	10%
Administration [1] & Capital	18.7	0.1	18.8	18.1	0.3	18.4	(0.6)	0.2	(0.4)	-2%
Contingency [2]	5.2	0.0	5.2	4.3	0.0	4.3	(0.9)	0.0	(0.9)	-20%
Cash Expenses	**$129.3**	**$5.4**	**$134.6**	**$121.6**	**$7.4**	**$129.0**	**($7.7)**	**$2.0**	**($5.7)**	**-4%**
Excess/(Deficit) Before Contribution	**($0.0)**	**($0.3)**	**($0.3)**	**$15.9**	**$4.4**	**$20.2**	**($15.9)**	**($4.7)**	**($20.5)**	**n/a**
Reserve Fund Contribution	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**n/a**
Net Operating Excess/(Deficit)	**($0.0)**	**($0.3)**	**($0.3)**	**$15.9**	**$4.4**	**$20.2**	**($15.9)**	**($4.7)**	**($20.5)**	**n/a**
Average Headcount	**395**	-	**395**	**389**	-	**389**	**6**	-	**6**	**1%**

(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.

6.2 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.

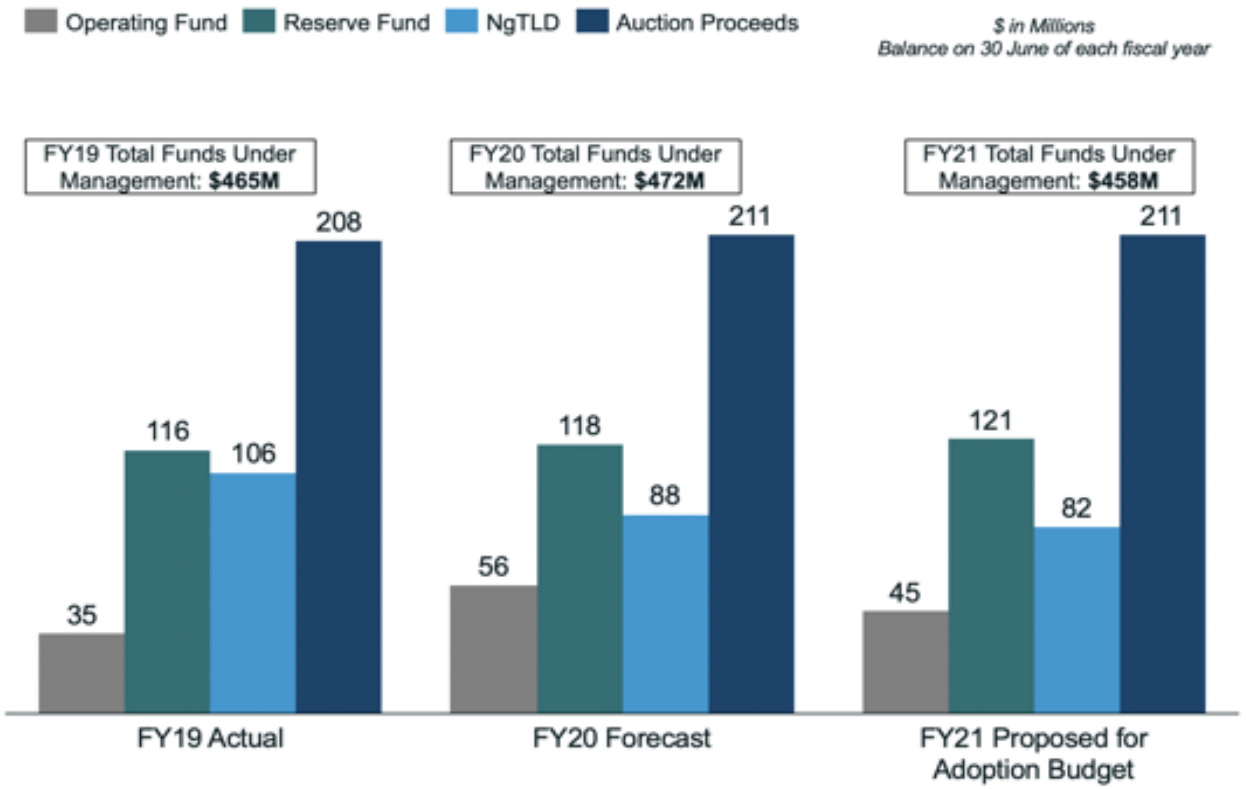
The New gTLD Program funds correspond to the unspent portion of the New gTLD Program application fees, collected from applicants during the application window in 2012. The funds are used to evaluate the applications and to cover hard-to-predict costs, including risks. Auction

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 Program funds were transferred to the Operating Fund as a reimbursement for expenses paid by ICANN in FY18-20. 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 below shows the balance of each fund on 30 June of each fiscal year.



6.2.1 Governance

Name of Fund	Description of Fund
1 Operating and Reserve Funds	These are governed in accordance with the ICANN Investment Policy. Extracts are shown below.
1.1 Operating Fund	Sometimes called the Working Capital Fund, this funds day-to-day operations of ICANN, including all items in the ICANN Board-approved annual budget. The Operating Fund contains enough funds to cover ICANN's expected expenditures for three months. Periodically, any excess funds are transferred to the Reserve Fund. To illustrate, the ICANN Board approved an allocation of US$3 million from the Operating Fund to the Reserve Fund in November 2019.
1.2 Reserve Fund	The Reserve Fund is ICANN's funding of last resort to cover large expenses resulting from unavoidable, unpredictable, or unplanned events, which cannot be funded from ICANN's operations. The use of any Reserve Fund is restricted by actions of the Board of Directors, with a partial delegation of authority to the Board Finance Committee (BFC). The Reserve Fund is the subject of a replenishment strategy to a minimum of 12 months of operating expenses as approved by the Board in October 2018. The replenishment is expected to occur through annual allocations from the Operating Fund to the Reserve Fund, which are the subject of separate Board decisions at the time they occur.

Name of Fund	Description of Fund
2 New gTLD Program Funds and the Auction Proceeds	These are governed in accordance with the New gTLD and Auction Proceeds Investment Policy. Please see extracts from this document below.
2.1 New gTLD Program Funds	This corresponds 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. Section 5 of this document has more information on the New gTLD Program financials.
2.2 Auction Proceeds	The ICANN Auction is a mechanism of last resort to resolve string contention within the New gTLD Program. ICANN expects most string contentions to be resolved by other means before reaching an auction conducted by ICANN's authorized auction service provider. Auction proceeds will be reserved and earmarked until the Board determines a plan for the appropriate use of the funds after consultation with the community. Auction proceeds are net of any auction costs. Auction costs may include initial set-up costs, auction management fees, and escrow fees.

7 Appendix

7.1 Registrar Fees

Registrar fees are to be approved by the Board before submission to voting by the registrars.

Approximately 2,400 registrars are accredited by ICANN as of 31 March 2020. This relationship is governed by the Registrar Accreditation Agreement (RAA), of which the most recent version was approved in June 2013. The RAA is a five-year agreement that provides for the following types of fees:

Fee Type	Description
Application Fees	Application fees are paid one time by prospective registrars at the time of application. For FY21, no application fees are projected. The fee is $3,500 per application.
Annual Accreditation Fees	Annual accreditation fees are fees that all registrars are required to pay annually to maintain accreditation. The fee is $4,000 per year. Registrars have the option of paying the annual $4,000 accreditation fee in quarterly installments of $1,000. For FY21, the annual accreditation fees are estimated at $8.4 million, based on an average of 1,977 registrars renewing and being newly accredited.

Fee Type	Description
3 Variable Accreditation Fees	Variable accreditation fees are determined based on the transaction type and volume of each registrar. There are two types of fees associated with the variable accreditation fees: • Per-registrar variable fee • Transaction-based fee
3.1 Per-Registrar Variable Fees	Per-registrar variable fees are based on a validated concept that ICANN expends the same effort in providing services to a registrar regardless of size. However, if the registrar is considerably small enough in size and in activity, some registrars will continue to be eligible for "forgiveness" of two-thirds of the standard per-registrar variable fee. To be eligible for forgiveness, a registrar must meet both of the following criteria: 1. Less than 350,000 gTLD names under its management. 2. No more than 200 attempted adds per successful net add in any TLD. Forgiveness will be granted each quarter to all registrars that qualify. The amount per registrar is calculated each quarter by dividing $950,000 (one-fourth of $3.8 million) equally among all registrars that have at least been accredited for one full quarter or have made at least one transaction, taking into consideration the forgiveness factor. In addition, a discount of 10% is granted to all registrars operating under the 2013 RAA.
3.2 Transaction-Based Fees	Transaction-based fees are assessed on each annual increment of an add, renewal, or transfer transaction that has survived a related add or auto-renew grace period. This fee will be billed at $0.18 per transaction for registrars operating under the 2013 RAA (resulting from a $0.20 base fee, discounted by 10 percent to $0.18).

Since 2013, the budget has assumed an Add Grace Period (AGP) excess deletion fee to eliminate domain tasting:

- The amount for AGP deletion fees was assumed to be zero in past budgets and is assumed to be zero for the FY21 Proposed for Adoption Budget.
- AGP excess deletion fees are assessed on each domain name deleted, in excess of the threshold, during an add-grace period. The threshold is the larger of 50 or 10 percent of total adds, per month, and per TLD. The rate per excess deletion is $0.20.

Below is a summary of the estimated registrar fees by fee type.

In Millions, US Dollars	FY21 Proposed for Adoption Budget	FY20 Forecast	Other FY21 Scenarios	
			High	Low
Accreditation fees - annual	$ 8.4	$ 9.7	$ 9.6	$ 7.1
Per-registrar variable fees	3.4	3.4	3.4	3.4
Registrar transaction fees- New gTLD	33.2	35.6	37.0	29.3
Total Registrar Funding	**$ 45.0**	**$ 48.7**	**$ 50.0**	**$ 39.8**