EXCOM/COs Meeting 2011
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SCAR Business Plan:
THE CASE FOR AN INCREASE IN SCAR MEMBERSHIP FEES
Executive Summary

**Title:** SCAR Business Plan: The Case for an Increase in Membership Fees

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**Introduction/ Background:**

“The Case for an Increase in SCAR Membership Fees” was developed in response to discussions in Buenos Aires and the resolution: "Delegates agree the need for an increase in contributions of up to 20% in 2012 based on a business case that SCAR will provide for Delegates to take to their funding agencies." This document was provided to all SCAR Delegates and National Committees in order to provide them with the information necessary to develop support with their funding agencies for an increase in SCAR membership fees to take effect in 2013.

**Important Issues or Factors:**

Intuitively, all of us appreciate that costs increase over time and that ultimately these increases erode value. Either this lost financial capacity is replaced or activities must be curtailed. SCAR provides great leverage of individual national contributions through the power of pooling funds. It is also true that individual member increases in fees will be modest in total dollar amount. The collective impact of an incremental increase on the overall SCAR budget is high while individual burden is small. It is also proposed that the increase is graduated guaranteeing that those least able to pay carry the smallest burden while ensuring that cost does not prohibit any member’s ability to participate.

**Recommendations/Actions and Justification:**

EXCOM are asked to comment as appropriate, noting that a new case will need to be made to the Delegates in 2012 for an increase to take effect in 2013.

**Expected Benefits/Outcomes:**

If the trends described in the “Case” continue it is predictable that SCAR will find it increasingly difficult to maintain its current level of activity on many fronts including science, advice, capacity building, outreach, communication, data and information, and advocacy for Antarctic science. We do not lightly recommend an increase in fees and only do so as we believe that it is in the best interest of the long-term health of the organization and ultimately to the benefit of SCAR’s members.
THE CASE FOR AN INCREASE IN SCAR MEMBERSHIP FEES

2010 Resolution:
"Delegates agree the need for an increase in contributions of up to 20% in 2012 based on a business case that SCAR will provide for Delegates to take to their funding agencies."

1.0 INTRODUCTION

SCAR is an organization of members and exists for their benefit. SCAR’s ability to carry out its vision and mission on behalf of its members depends on its financial and human resources. The challenge is to match available funds with the demands while maintaining a healthy and vibrant organization. SCAR addresses this challenge with a financial strategy that balances income and expenses through cost control (including cost cutting), prioritization of goals, balancing of annual budgets, cost-effective management of resources, solicitation of external funds, maintenance of a reserve, and fair and equitable compensation of its employees. In return for members’ fees, SCAR must deliver opportunities and outputs that justify the cost of membership. The value delivered by SCAR to its members is detailed in SCAR’s Strategic Plan, annual reports and other documents (see www.scar.org). In many ways SCAR members are best placed to judge the value of participation in SCAR and the returns realized as each nation has its own needs and perspective.

The majority of SCAR funds are, and will continue to be, derived from national membership fees. SCAR Delegates have chosen to address inflationary pressures by increases in fees every six or so years (i.e., a 30% increase in 2004; a proposed but not approved 18% increase in 2012). Membership fees have to increase on a regular basis to counteract inflation and the increased costs of operation if activities are to be maintained at current levels. If fees are not increased at regular intervals, the activities of the organization must be curtailed and the magnitude of these reductions will increase with time. If membership fees remain unchanged no expansion of high priority activities or new initiatives will be possible unless other activities are reduced or discontinued.

2.0 INCOME AND EXPENDITURE

Income is derived from Membership Contributions (including voluntary contributions and arrears), SCAR Management fees from external projects, and a variety of other relatively minor sources of income such as sales from SCAR books and merchandise. These funds are allocated to cover the costs of SCAR’s science activities, policy advice, capacity building activities, and administrative expenses (see Figure 1, below).
Administrative expenses (including salaries, Secretariat and EXCOM travel, office expenses etc.) have averaged below 50% of expenditure. Salaries and Staff costs (~36%) average approximately $180k and Scientific Activities (~32%) roughly $160k.

The SCAR Secretariat has made concerted efforts to solicit funds from external organizations. Although an essential source of additional income these external funds have limitations and involve additional work for the Secretariat. It is unlikely that external funds can be used to support the core administrative costs of SCAR, though some costs are offset by managing projects. The activities most likely to attract external support are capacity building, education, public outreach and training. In most cases, external funds are ear-marked for specific activities. External funds are usually one-time grants and should not be used to defray recurring costs because of their transient nature. SCAR is establishing a Development Council to develop a coordinated strategy for solicitation of external funds. While funds may be identified to enhance specific SCAR activities, it is unlikely that external funds can be used to maintain or reduce membership fees.

While difficult to quantitatively estimate, SCAR greatly benefits from in-kind contributions by its members. This leverage of SCAR funds takes many forms including direct contributions for particular activities, subsidizing the cost of travel and time to participate in SCAR, hosting meetings and symposia, travel grant programmes for SCAR events, and other funding beyond membership fees. As an example, SCAR does not provide funds for hosting the biennial Business Meetings, Open Science Conference and Delegates Meetings, which cost between $500,000 and $750,000 to stage. A conservative estimate is that direct income to SCAR is leveraged by a factor 5 or more as a result of in-kind support not represented in SCAR’s budgets.

3.0 BUDGET RESTRICTIONS

The SCAR annual budgets are balanced. Allocation decisions are made based on available income and requests for funds. SCAR’s core scientific activities are embodied in Standing Scientific Groups (SSGs) and Scientific Research Programmes (SRPs). After the SCAR restructuring, the minimum funding for these core scientific activities was to be $21,000 for each SSG and $25,000 for each SRP (a total of $176,000/year). These levels of funding were considered to be necessary.
for the basic operation of these groups. These essential scientific activities have never been funded at these levels (see Figure 2). In addition, funding of core scientific activities has been reduced as inflationary pressures have increased costs (in addition to cost reductions in administration expenses and solicitation of external funds). SCAR administrative costs have been maintained at less than 50% of total core budget for many years (see Figure 1).

One might ask, is there a minimum budget for SSGs and SRPs to properly function? Historical requests provide some guidance in answering this question. For example, the budget request submitted by the Life Sciences SSG in 2010 was for $27,000 for 2011 and $30,000 for 2012. Actual allocations were $17,000 and $16,000, respectively, meaning that certain activities will not be funded.

Science is not the only activity with reduced funding. In the agreed budgets for 2011 and 2012, the capacity building allocations were reduced by 23%. Administrative costs were reduced by an average of 16% in the 2011 and 2012 budgets due primarily to salary cost savings from a retirement and hiring of new staff. The trend will be continued reductions in funding for core scientific activities unless additional revenues are provided.

![Figure 2: Comparison of optimum funding (based on $21k per SSG and $25k per SRP) - green line against actual funding - blue line. The difference represents a continuing and increasing underfunding of SCAR's core science activities. This is even more pronounced when devaluation of the actual funding - red line – is taken into account (uses the US Govt inflation rates available from http://data.bls.gov)](image)

4.0 FINANCIAL RESPONSIBILITY

It is imperative that resources be wisely managed to ensure optimal impact. The SCAR Secretariat and Executive Committee are committed to continual improvement. The following and other administrative measures are being implemented to ensure efficient and wise use of SCAR’s funds.

SSG Chief Officers are to provide written notification, once the biennium budget is approved by the Delegates, to proponents for each budgeted activity within two months of the end of the Delegates Meeting indicating budget decisions. SSGs will provide reports two months in advance of the SCAR biennial business meetings and develop final budgets at the meetings. The SSG report will include a budget analysis including explanations for under spending. No residual funds will be
carried forward beyond the biennium. If actions are incomplete, funds must be re-applied for and will be considered with all other budget requests in the following biennium budget. The SCAR Executive Committee allocates funds as they become available to high priority, unfunded activities. A prioritized list of unfunded activities is maintained by the Secretariat to ensure orderly allocation of funds. The Finance Committee will be assembled two months prior to the Delegates Meeting to allow time for preparation of financial summaries and development of budget scenarios. This will require that all requests for funds from subsidiary bodies be available at least two months in advance of the Delegates Meeting.

5.0 PROPOSED MEMBERSHIP FEE INCREASE

In 2010 SCAR Delegates agreed that an increase in SCAR membership fees was needed (see 2010 Resolution above). The current fee levels and proposed increases are shown in Table 1. Note that: (a) fees are not increased for Associate (Category E) Members in order not to discourage new member countries from joining SCAR and (b) the maximum fee increase is capped at $4,000 per annum. The proposed fee increases are scaled to make them less onerous and to ensure that all countries are able to remain within SCAR. The proposed increase in fees recoups the dollar-value lost to inflation from 2006 to 2012 (3% per year x 6 years = 18%, rounded to the nearest $100) and does not increase SCAR’s base “buying power”. The proposed increase is intended to postpone the need for further fee increases for 6 years.

![Table 1: Current and Proposed Future SCAR Fee Levels](attachment:image.png)

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6.0 THE IMPACT OF NO INCREASE IN MEMBERSHIP FEES

SCAR appreciates that National Antarctic Programs are under considerable budgetary stress and that difficult decisions are being made. Regular increases in membership fees are inevitable unless organizational activities are reduced. The proposed increase has been delayed for more than 3 years and the incremental increase proposed for individual nations is modest. The pooling of resources to accomplish common goals is highly cost effective and allows National Programs to benefit from the collective efforts of the community. SCAR’s vision, mission and goals will only be accomplished if its members provide the necessary resources. SCAR is unswervingly committed to balancing budgets each year and if fees are not increased the reductions in SCAR budgets since 2008 will continue and accelerate as the value of financial resources erodes. If there is no increase in fees, activities will be reduced and some facets of SCAR’s mission may be suspended for the foreseeable future (e.g., the Fellowship Program). If yearly inflationary increases in fees (the policy of most ICSU bodies) remains unacceptable to SCAR members, a procedure for fee increases at regular intervals is needed to ensure the financial viability of SCAR over the long term.
SCAR’s strategic vision is for a world where the science of Antarctica and associated systems is used for the benefit of all, excellence in science is valued, and scientific knowledge is effectively linked to policy making. SCAR has a key role to play in leading the international Antarctic science community, implementing new scientific initiatives, discerning emerging scientific themes, promoting international cooperation and partnerships, and engaging with policy-makers and other sectors of society to advance this vision. As an Interdisciplinary Scientific Body of ICSU, SCAR embraces and contributes to the strategic vision and mission of ICSU.

SCAR’s mission is to advance and promote scientific knowledge, understanding and education on any aspect of the Antarctic region, on the role of the Antarctic region in the Earth system and on the effect of global change on the Antarctic region. SCAR initiates, facilitates, co-ordinates and encourages international research activity in the Antarctic region, on the role of the Antarctic region in the Earth System, and on the effect of global change on the Antarctic region. SCAR provides objective and independent scientific advice to the Parties to the Antarctic Treaty and other organizations on issues of conservation affecting the management of the Antarctic region and the Southern Ocean.

In 2008, SCAR income of ~$1 million USD was derived 50/50 from membership fees and external sources; however, external source funds are often “pass through” or directly associated with additional tasks. SCAR “spendable” funds (~500,000 USD) expenditure were ~42% for scientific activities, 9% for scientific advice, 6.5% CBET, 4% for meetings, 1.2% for publications and 38% for administrative costs. Examples include: management of the Census of Antarctic Marine Life finances supported by the Sloan Foundation and Memorial University; administration of the Martha T. Muse Prize for Science and Policy in Antarctica supported by the Tinker Foundation; support for continuance of the SCAR Marine Biodiversity Network (SCAR MarBIN) by the Total Foundation, and a travel grant program for attendance at the IPY Oslo conference supported by the Tinker Foundation as well as various ICSU grants awarded in partnership with other organisations.

In accordance with UK Charity recommendations, a reserve equivalent to one year’s operating costs (salaries, routine meetings etc.) is maintained. Funds held over this amount (a “Contingency” fund) are reallocated by the SCAR EXCOM or Delegates in a strategic manner that aligns with SCAR’s goals.

Many other organizations, such as our sister organization, the Scientific Committee on Oceanic Research (SCOR) increase their fees every year. However SCAR Delegates have preferred to approve larger increases accrued over a number of years.

The current rate of inflation is estimated on 3% p.a., based on US and EU statistics; the membership fees were not increased over the last six years.

Actual requests were for $34,000 and $37,000 for 2011 and 2012, but $7,000 per year were allocated from a different budget stream leaving $27,000 and $30,000, respectively. See http://www.scar.org/members/scarmeetingreports/xxxibuenosaires10/31_WP08_SSG-LS_MeetingRept.pdf

Currently Russia and the USA
Currently Argentina, Australia, France, Germany, India, Italy, Japan, Republic of Korea, Spain and the UK
Currently Brazil, China, the Netherlands, New Zealand, Norway and South Africa
Currently Belgium, Bulgaria, Canada, Chile, Ecuador, Finland, Malaysia, Peru, Poland, Sweden, Switzerland, Ukraine and Uruguay
Currently Denmark, Pakistan, Portugal, Romania (and Monaco from 2010, with first fee contribution in 2011)