XXXII SCAR Delegates’ Meeting
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Original Business Case for an increase in SCAR Membership Fees
Executive Summary

Title: THE CASE FOR AN INCREASE IN SCAR MEMBERSHIP FEES

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Important Issues or Factors:

Delegates are asked to consider the case for an increase in SCAR Membership fees to offset inflation based on a Business Case (WP6, IPs 4, 5, 6) following the 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."

The proposed increase in fees recoups the dollar-value lost to inflation from 2006 to 2012 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. The proposed annual fee increases are: $0 (Category E), $1900 (Category D), $2,600 (Category C), $3,200 (Category B), $4,000 (Category A).

Delegates are asked to approve the proposed annual fee increase to recoup the dollar-value lost to inflation from 2006 to 2012.

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.

Budget Implications: A procedure for fee increases at regular intervals is needed to ensure the financial viability of SCAR over the long term.
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\(^\text{1}\) and mission\(^\text{11}\) 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\(^\text{11}\), maintenance of a reserve\(^\text{14}\), 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\(^\text{9}\), 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\(^\text{15}\) (i.e., a 30 % increase in 2004; a proposed but not approved 18% increase in 2012\(^\text{20}\)). 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\(^\text{14}\), 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).
Figure 1: Average ratio as shown by pie chart of SCAR expenditure from 2006 to 2010. Administrative expenses (including salaries, Secretariat and EXCOM travel, office expenses etc.) have averaged below 50% of expenditure. Salaries and Staff costs (~34%) average approximately $180k and Scientific Activities (~33%) roughly $160k.

The SCAR Secretariat has made concerted efforts to solicit funds from external organisations. 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 earmarked 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.

![Graph](image)

**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](http://data.bls.gov))
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>
<thead>
<tr>
<th>Category</th>
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<th>Proposed Contribution 2013</th>
<th>Proposed Fee Increase</th>
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<td>E</td>
<td>4x</td>
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</table>

Table 1: Current and Proposed Future SCAR Fee Levels
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, most activities will be reduced. For instance the budget for scientific activities, agreed at the XXVIth meeting of SCAR in 2002 (cf. paragraph 3.0), deemed necessary for a proper functioning of the subsidiary groups of SCAR, has not been realized since, due to financial constraints. Even an 18% increase in the membership fees will not fully cover this agreed budget (Fig. 3). No increase in the SCAR fees will result in a substantial reduction in the budget of all major activities of SCAR, and some facets of SCAR’s mission may be suspended for the foreseeable future (e.g., the popular Fellowship Programme).

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.

![Comparative Expenditure](image)

Figure 3. Comparison of expenditure in the different SCAR activity sectors. In green the tentative expenditure following the new SCAR structure agreed in 2002. In blue the expenditure when an 18% fee increase is realized. In red when no fee increase is realized.
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 and 2009, 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. In 2008, for example, 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 of external sources of income 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.

See http://www.scar.org/strategicplan2011/

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. Note that the actual increase, if agreed, will not take place until 2013.

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)