

Administrator: The Board

Date: 13/02/2021

Ref. no.: O412-3/2021

# Proposition 2

Budget and membership fee  
21/22

# Covering letter

## Proposition 2: Budget and membership fee 21/22

### Introduction

SFS' financial situation is sound. The activities have run a budget surplus for several years in succession, and the capital saved is equivalent to almost one year's turnover. The Board has previously set the aim of having six month's turnover as saved capital. During autumn 2020, the Board decided to expand SFS' Secretariat by employing a member coordinator starting during 2021. It subsequently also became clear that SFS' government grant would increase by 15%. The challenge now concerns adapting the activities based on the new conditions in a way that is sustainable in the long-term.

It is not financially sustainable to have such large margins in the budget that the activities run at an unforeseen annual profit. The Board feels that the budget should reflect the activities' actual costs to as great an extent as possible. Budgetary proposals can therefore provide room for more elaborate activities, despite several cost centres having a lower budget compared with previous financial years.

When the term “profit” is used in the covering letter, it refers to a positive outcome as a whole, in distinction from “surplus”, which refers to costs with an outcome that was less than that budgeted. In other words, it is possible to make a surplus without making a profit. SFS is a not-for-profit organisation without the profit motive, “profit” should consequently not be interpreted as something positive or negative, rather SFS endeavours to balance income and expenses.

The proposal means that there will be a change in forecasting. The new, more realistic, budget will enable certain cost centres to have higher costs, even under a responsible management. It can usually be compensated by other cost centres not using their entire budget. In other cases, activities might run at a loss in some years. It can be compensated by activities running at a profit in other years. SFS has financial margins and does not need to worry about losses in individual years.

### Membership fees

SFS' activities are 75% financed by government grant and 25% by membership fees. There is currently no need for SFS' income to be further strengthened. The Board perceives that the purpose of increasing the government grant is to strengthen SFS' activities. The Board does not feel that reducing the membership fee would be sustainable in the long-term, without needing to reprioritise and cut back on the activities. It would not be financially responsible to propose a temporary reduction of the membership fee, as historically all types of increases to the membership fee have been difficult to implement. If the membership fee was to be temporarily reduced for one year, it would need to be raised the

year after to avoid cuts to activities. In distinction from the student unions' government grant, SFS' government grant is not increased on an annual basis. Neither is SFS' membership fee increased on an annual basis and it should therefore remain at current levels. In practice, this means that the inflation-adjusted membership fee will be somewhat lower than previously for each year that it is not increased. The current membership fee, and the proposal for its continuation, is considered to be at a level that is sustainable for SFS' continued work and development during the next few years. The Board therefore considers that the membership fee should remain at SEK 6 per student represented for next year as well.

The Board makes the assessment that the increased government funding for student unions means that the financial conditions exist among the member unions to retain the current membership fee. No member union has submitted a request during the last financial year to leave SFS for financial reasons.

The Board proposes that the membership fee for the 21/22 financial year is set at SEK 6 per full-time student, which is in line with the provisional fee that was set by SFSFUM in 2020. It is the same level as the 19/20 financial year. The Board also proposes to set the provisional membership fee for the 22/23 financial year at SEK 6 per full-time student.

## Budget

### Income

SFS' income consists of government grant and membership fees. In the 2021 calendar year, the government grant will increase from SEK 4,379,000 to SEK 5,059,000, an increase of SEK 680,000 compared to 2020. This increase is expected to remain for 2022 as well. Income from membership fees is expected to amount to SEK 1,497,872 in 21/22.

### Expenses

For several years, SFSFUM has adopted a budget with a negative outcome, however, the activities have nevertheless run at a profit. This is due to a general overbudgeting. Budgeting in this way can be appropriate when the financial situation is more uncertain, which is currently assessed not to be the case. SFS' resources need to be used for the activities instead of stockpiled. It should be possible for each cost centre to use the budget determined by SFSFUM in a responsible way within the framework of its remit, but this has not been the case.

SFS has sufficient saved capital to be able to manage unforeseen costs. It is therefore not desirable to budget with such large margins that the activities run at a surplus every year. On the contrary, it is fully acceptable if the activities show a negative outcome in some years, as long as the long-term trend is sustainable. The Board has therefore not taken any specific precautionary measures to avoid the activities having a negative outcome.

The budget for all cost centres has therefore been adapted based on a new forecast. Previously, each cost centre was essentially calculated based on an estimate of each individual expenditure. The new forecast has instead been based on the actual costs that each cost centre has had in the last three years. This has then been adjusted with respect to any changes that have taken place since then.

The proposal is to reduce the budget for several cost centres in order to thus remove the overbudgeting. This should not be viewed as a cutback in the actual operational costs. The operational costs can be unchanged or increased. Next year's Board will have a responsibility to communicate to committees and SFS' Secretariat that there is room for more cost-driving activities which strengthen the activities, even though they are not explicitly accommodated in the budget.

This still produces a budget that better reflects SFS' actual costs, which increases transparency. As there are no built-in surpluses from the outset, the General Assembly gains a better insight into what the resources should actually be used for. If SFS needs to save money, this should take place through the adoption of a budget with a positive outcome. It should not be done as previously through overbudgeting as there is then the risk of the outcome differing dramatically from the budget.

The changes are set out in the table below. The overbudgeting is clearly shown by comparing the Budget 19/20 and Outcome 19/20 columns. The forecast was more than SEK 1 million higher than the actual total costs. Some adjustments were already made prior to the budget for 20/21 in order to keep the surplus down, but a certain surplus will nevertheless arise. The proposal for 21/22 is therefore a lower budget than 20/21, despite it accommodating more activities.

	Outcome 17/18	Outcome 18/19	Budget 19/20	Outcome 19/20	Budget 20/21	Propose d budget 21/22
<b>Income</b>						
Membership income	1,462,285	1,622,757	1,509,000	1,539,572	1,538,237	1,497,872
Government grant	4,379,000	4,379,000	4,430,000	4,378,283	4,379,000	5,059,000
Student City of the Year	0	0	100,000	200,000	0	0
Project contributions				175,000		0
<b>Total income</b>	<b>5,841,285</b>	<b>6,001,757</b>	<b>6,039,000</b>	<b>6,292,855</b>	<b>5,917,237</b>	<b>6,556,872</b>
<b>Expenses</b>						
Secretariat	3,304,911	3,044,020	3,794,000	3,422,898	3,657,775	4,040,000
Presidium	1,183,468	1,199,672	1,448,000	1,176,095	1,402,407	1,400,000
The Board	198,388	180,098	250,000	171,894	246,200	175,000
Komit	264,429	181,995	205,000	238,166	205,000	180,000
Member activities	53,938	63,409	148,000	65,369	180,689	115,000
SFSFUM	88,230	50,298	128,000	146,680	444,381	145,000
Third-cycle Students	13,372	48,867	75,000	25,613	71,800	70,000

Committee						
Election Committee	35,507	26,547	41,000	28,426	36,000	30,000
SQC	5,990	12,016	45,000	29,075	50,000	50,000
Student representatives						50,000
Network for SSO						50,000
Specific initiatives (previous investments)			340,000	350,250	450,000	450,000
Other	26,317					
Depreciation	18,141	17,979		18,163		0
<b>Total costs</b>	<b>5,192,691</b>	<b>4,824,901</b>	<b>6,474,000</b>	<b>5,672,629</b>	<b>6,744,252</b>	<b>6,755,000</b>
<b>Profit/loss</b>	<b>648,594</b>	<b>1,176,856</b>	<b>-435,000</b>	<b>620,226</b>	<b>-827,015</b>	<b>-198,129</b>

Table 1: Outcome and budget from previous years for comparative purposes

The proposal is essentially based on last year's costs. Certain changes have however taken place, which are commented on here.

### Secretariat

The proposal is to expand the Secretariat's budget by SEK 382,225. Among other things, this will finance the new full-time position in the form of a member coordinator, as well as pay increases for other personnel in accordance with the collective agreement. In addition, the Secretariat has moved to new premises, which are somewhat more expensive. The events coordinator will remain in place for at least a further six months as the pandemic has led to the postponement of the anniversary.

The cost centre is deliberately underbudget by SEK 60,000. The budget has been moderated in order to avoid the activities as a whole running at a profit. As the Secretariat is the largest cost centre, the Board considers that it is most appropriate to put the underbudgeting here. It is equivalent to less than 1% of the activities' budget. The underbudgeting means that it is very possible that the Secretariat will run at a deficit. This would entail the Board needing to redistribute money from another cost centre during the year to cover the costs for the Secretariat.

This should not be viewed as a saving in the activities, but rather a compensation in the forecast in order to avoid the activities going into profit if costs in other parts of the budget are omitted. At most it would have entailed the activities running a budget deficit of about 1% of the turnover. In view of the healthy financial situation, the Board does not consider budgeting in this way to be a problem. The alternative, to build in a budget surplus, would be a bigger problem.

### Presidium

The proposal is that the the Presidium is given a budget of SEK 1,400,000, which is about the same level as this year's (SEK 1,402,407 for 20/21). The Presidium is currently

overbudgeted by some SEK 100,000. The proposal is, however, to retain the same budget in order to thus raise the Presidium's fee from 0.5 to 0.55 price base amounts.

The purpose of this increase is to reduce the thresholds for applying to the Presidium. The relatively low Presidium fee is something that has been highlighted as a deterrent to applying to the Presidium. Due to this there is currently a certain skewing towards potential candidates from Stockholm or those with good financial conditions. The Board does not feel that geographic location or financial background should be a factor in who applies to the Presidium. This is particularly noticeable within SFS as new members often have about 1-2 months to find accommodation in Stockholm and may need to accept high rents. Moreover, rents are increasing at a faster rate than the price base amount (see figure 1), which means that if the fee is going to follow the cost of living trend then it needs to be raised. At the same time, it is natural that SFS wants to keep salaries and fees down at a reasonable level in order to be able to use the organisation's resources optimally.

The increase in the fee can be compared with the average salary for elected officers within the private sector, which was 0.59 price base amounts in 2019. The increase does not entail a change in the size of the cost centre, but rather that the previous precautionary budgeting comes to an end.

There is further justification for why the Presidium's fee is at a higher level than certain student unions' fees. In part because SFS Presidium's members are rarely registered as students, which means that they are not able to benefit from student discounts or student housing. In part because it entails major uncertainty in the housing situation for Presidium members from outside the Stockholm area. The General Assembly has previously decided that the SFS Secretariat and Presidium must be based in Stockholm and the Board shares this view. The housing situation for Presidium members outside Stockholm is further challenging as it is hard to think in the long-term based on a time-limited assignment, and there are also difficulties in getting on to the housing queue.

It is important for SFS to have Presidium members who have a secure financial and housing situation without overlong travelling times to SFS' premises. SFS has the financial conditions for this level of remuneration, as well as the ability to control the Presidium's fee, in distinction from a student budget which is reliant on student finance. In principle, all Presidium members have also previously held positions with full-time remuneration at their student union, and in practice additional years of study leave as a Presidium member reduce the lifetime salary for the majority of the applicants. Prospective members should not apply for the post for the money's sake, but finances should not be a major obstacle for suitable candidates.

Besides the Presidium's fee, the cost centre also includes indirect costs that are due to the Presidium, for example, the Presidium's expenses for travel and premises. The justification for this is that the cost centre as a whole should reflect SFS' total costs for Presidium members. Should, for example, SFS wish to change the number of members, this way of accounting provides a more fair value of which total cost change this would entail.

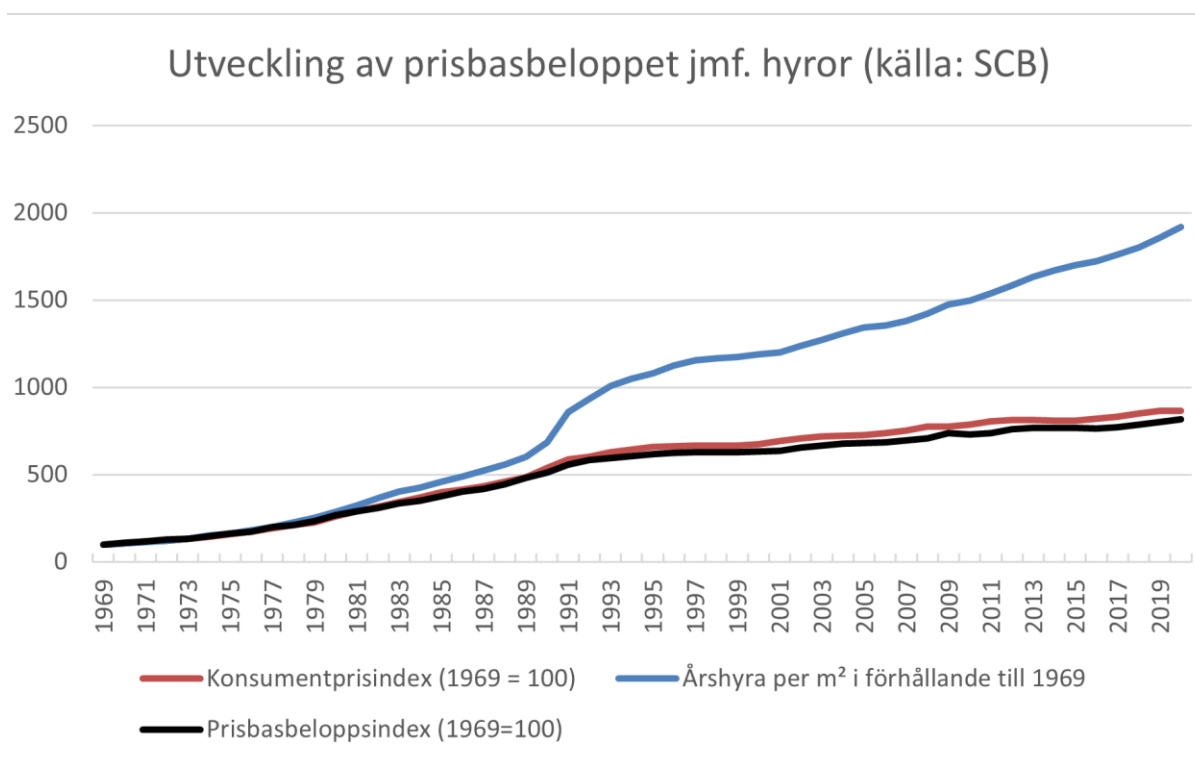


Figure 1: Development of price base amount compared with consumer price index and average annual rent. Sources: [SCB Rents and the general price trend](#), [SCB Price base amount](#)

## The Board

The proposal is to reduce the Board's budget from SEK 246,200 to SEK 175,000, which is equivalent to the Board's costs in 18/19 and 19/20. It is important to emphasise here that the budget is not a ceiling, but rather an indication of what appropriate board work costs.

## Komit

The Board proposes that the budget for the Komit cost centre is set at SEK 180,000. This is equivalent to Komit's costs during 18/19, which is the only adequate year for comparison. Costs were higher in 17/18, but this is entirely explained by the additional costs that came about because SFS was host for the NOM meeting that year.

The costs for 19/20 were also higher, but this is due to the fact that the membership fee for the European Students' Union, ESU, was paid on a different date than previously. The membership fee for ESU relates to a calendar year and was previously paid at the start of each financial year. Since 2020 the fee has instead been allocated so that half of the fee is due in the spring semester and half in the autumn semester. This is more suitable in terms of accounting, but during the transition year it meant that one and a half ESU fees were due in a single financial year. In practice it is thus simply due to the fee being recorded earlier. In other words, 19/20 is not a good year for comparison.

## Member activities

The Board proposes that the budget for the Member Activities cost centre is set at SEK 115,000. This is a decrease from SEK 180,689 in 20/21. The reason is that previous overbudgeting disappears. During the three previous years, the cost for member activities has been approx. SEK 65,000 or lower. The reason that the proposal is nevertheless SEK 115,000 is so that the member's travel to the member meetings can be sponsored. This is an item that was inserted in the budget for 20/21, but which the pandemic has thus far rendered irrelevant. However, the Board considers it to be acceptable as soon as it is once again possible to have physical meetings.

### **SFSFUM**

The Board proposes that the budget for SFSFUM is set at SEK 145,000. This is equivalent to the cost for SFSFUM in 2020, but is considerably higher than SFS' costs for SFSFUM in 2018 or 2019. During these years, Student City of the Year paid SEK 100,000 of the costs in its capacity as host for SFSFUM. It is again important to emphasise that the budget is not an absolute limit. The Board can decide to exceed the budget if it is necessary in order to implement a democratic and inclusive SFSFUM in 2022.

### **Third-cycle Students Committee**

The Board proposes that the budget for the Third-cycle Students Committee cost centre is set at SEK 70,000. Based on the outcome for previous years, the Third-cycle Students Committee would cost about SEK 40,000 and the cost centre has been overdimensioned with a budget of 75,000 for 19/20. The Third-cycle Students Committee has expressed an ambition to increase its activities with associated justificatory cost basis.

### **SFS Quality Committee, SQC**

The Board proposes that the budget for the SQC cost centre is set at SEK 50,000. SFS Quality Committee intends to continue its activities by having certain physical meetings if permitted and to provide a student pool. SQC also intends to continue to operate the newly started network for those with responsibility for education at member unions, which might require certain costs for physical meetings.

### **Election Committee**

The Board proposes to set the budget for the Election Committee cost centre at SEK 30,000. This is a decrease from SEK 36,000 in 20/21, but it reflects costs for 18/19 and 19/20. On the other hand, it is lower than 17/18 when Election Committee costs amounted to SEK 35,507. The years are, however, not entirely comparable as the Election Committee itself paid for its participation at SFSFUM. It is now financed through the budget for SFSFUM, which entails a saving for the Election Committee. The Board would like to emphasise that the budget change is not meant to influence the Election Committee's activities. It is solely to avoid overbudgeting. The Election Committee has been asked about this change and responded that its activities can continue unchanged with the proposed change.

### **Student Representatives**



The Board proposes to introduce a new item for Student Representatives, with the aim of subsidising student representatives' travel to meetings within the assignment. The budget is initially set at SEK 50,000 based on a standard cost.

### **Network for student safety representatives, SSO**

The Board proposes to introduce a new budget item for the newly started network for student safety representatives. The budget is planned to cover costs for network meetings. The budget is initially set at SEK 50,000.

### **Specific Initiatives**

The Board proposes to transfer 20/21's budget for Specific Initiatives of SEK 450,000 to next year's. The reason is that the anniversary banquet has been postponed to the spring semester 2022 due to the pandemic. In other words, it is an unutilised budget area for 20/21 that is moved to next year.

### **Miscellaneous**

The Board proposes not to budget for the Miscellaneous cost centre. The item is only there to enable comparison with 17/18, as certain costs were reported in the Miscellaneous cost centre.

### **Depreciation**

The Board proposes not to budget for any depreciation.

### **Profit/loss**

The Board proposes to budget for a profit/loss of SEK -198,129. The operation is sustainable in the long-term and the negative outcome is not viewed as a necessarily recurrent element. The budget contains some costs that are not permanent. This applies not least to the Centenary, which entails a cost of SEK 450,000 in 21/22. As these costs will not remain in the budget for 22/23, there will be satisfactory margins in forthcoming years.

### **Redistribution**

The Board is currently able to redistribute 5% of the budget between cost centres, after a decision by SFSFUM. The Board considers that the option should remain in place. 5% of the budget is equivalent to SEK 332,500. It is particularly important that the Board is able to redistribute money between cost centres when the budget does not have such large margins in every cost centre. Previously every cost centre has had lower costs than forecast, which is what leads to the large surpluses. With the new, more realistic budget, it might well be the case even under a responsible management that certain cost centres have higher costs than predicted. It can usually be compensated by other cost centres not using their entire budget.



## Proposition 2

### Budget and membership fee

#### Draft decision

The Board proposes to the General Assembly

**that** it sets SFS membership fee for the 21/22 financial year at SEK six (6) per full-time student within education at first- and second-cycle level, as well as third-cycle recalculated at full-time equivalent within the union's area of operations.

**that** it sets SFS provisional membership fee for the 22/23 financial year at SEK six (6) per full-time student within education at first- and second-cycle level, as well as third-cycle recalculated at full-time equivalent within the union's area of operations.

**that** SFS Board is entitled to redistribute costs between the cost centres in SFS' budget, equivalent to 5 per cent of the total costs.

**that** it adopts SFS Budget 21/22 as follows:

<b>Income</b>	
Membership income	1,497,872
Government grant	5,059,000
Student City of the Year	0
<b>Total income</b>	<b>6,556,872</b>
<b>Expenses</b>	
Secretariat	4,040,000
Presidium	1,400,000
The Board	175.000
Komit	180.000
Member activities	115.000
SFSFUM	145.000
Third-cycle Students Committee	70.000
Election Committee	30.000
SQC	50.000
Student representatives	50.000
Network for SSO	50.000
Specific initiatives	450.000
Other	0
Depreciation	0
<b>Total costs</b>	<b>6,755,000</b>
<b>Profit/loss</b>	<b>-198.129</b>

