

DV May2021 – Motion 1 EXCO – 01 – May2021 New Funding Model

FAQ – New Funding Proposal for Servas International

This FAQ – Frequently Asked Questions – has been provided by Radha Radhakrishna, Servas International Treasurer. He comments, that the FAQ is the combined effort of many and it has the blessing and contributions of all of EXCO, and many others.

Question: Why do we need a new funding proposal?

Answer: During SICOGA 2018, the general assembly voted to set up a new payment system that is member based, that is all members instead of only charging travelers. The assembly required EXCO to come with a proposal that can be implemented from 2022.

Question: Can you tell me in one simple sentence what we will pay under this proposal?

Answer: The amount payable by each member group (country) is based on the number of personal profiles registered in Servas Online. In most cases, it will be less than the cost of a meal. That is, **the fee for one whole year** per membership profile will be less than or equal to the cost of one meal. Note that the amount payable is adjusted for the ability to pay. Therefore, **more than half the member groups will pay nothing**. The remaining member groups will pay anywhere between CHF 1.00 to CHF 7.00 per year per membership profile. The vast majority will pay less than CHF 5.00 per year per membership profile.

Question: Why do you require us to charge all members? We have always had a system where hosts don't pay and only travelers paid. We will lose members if we ask hosts to pay a membership fee. Why do you want to implement such a system?

Answer: It is not necessary for the Servas member group (country) to charge a fee, although it is a natural way to raise funds and some member groups have already made this change. You may continue to keep membership free for hosts and only charge the travelers in your county if you wish. Our experience is that passing on the message to membership that we are more than a travel and hosting organization is critical. Members have responded well to the message that Servas is a peace organization – which promotes peace and cultural diversity through hosting, traveling and sharing. Travel is just one activity to bring people together. When this message is clearly stated to the benefit of everyone, including hosts, we have found an overwhelmingly positive response. Members who were initially reluctant to pay were happy to contribute – especially since the suggested contribution is so small.

Question: If we continue to charge only travelers, will we be charged a different amount from other member groups (countries) that charge all members?

Answer: No. The amount that the member group (country) will be asked to pay will be based on the number of registered member profiles in your country. That method will be applied to all member groups.

Question: Why is the budget so high? Can't we manage with less than CHF 75,000?

Answer: The budget of CHF 75,000 attached to the proposal is a sample budget. The actual budget amount will be based on what all the members vote. EXCO has presented this as a sample budget. It provides a reasonable estimate of the expenses the organization incurs each year. EXCO is always looking for ways to keep this amount as low as possible. That is why in the last two years, **EXCO has spent far less than the amount budgeted by the general assembly** in 2018. A copy of the budget passed in 2018 can be found here: https://servas.org/sicoga2018/motions/2018_11/Appendix_5_Approved_SI_Budget_for_2019_to_2021_%28Oct_18_Rev_3%29.pdf

Question: What is Servas International's main expense?

Answer: Currently, the two principal expenses for Servas International are to fund meetings (general assembly and conference, regional meetings, youth meetings, peace schools and similar activities), and technology (Servas Online and other connectivity/technology costs). These two costs account for most of Servas International expenses.

Question: What happens if the proposal is not approved?

Answer: In SICOGA 2018, it was decided that if the proposal is not approved, we will go back to a system of charging member groups based on LOIs issued. However, it is very likely that the amount per LOI will go up significantly. Over the last 5 years, the number of travelers per year has been shrinking significantly (leaving aside the effect of pandemic this year). The amount collected each year has been less than the expenses. In order for us to be on a sustainable basis, we will need to increase the amount per LOI so that SI's inflows match its outflows. Under the previous system, the first 10 LOIs were free and the maximum rate for an LOI was CHF 20. The rate per LOI is most likely to go up, and the number of free LOIs will go down. This may also have an effect of losing members.

Question: Why should the amount collected from members each year cover expenses of Servas? Can't we just use our bank balance to cover the difference? We are not likely to go bankrupt, are we?

Answer: Servas will NOT go bankrupt immediately. It should be noted that we have spent more than we received for several years now going back to 2014-15 (2020-21 is an exception due to the pandemic). We have been able to cover up our deficit with our bank balance – using the amounts previously set aside. Our bank balance is enough to cover us for a little over 3 years of expenses even if we had no income. However, it is unsustainable to continuously run at a deficit – eventually we will run out of money. We are a not-for-profit, but that still means that it is good practice to ensure that our income matches our expenses.

Question: Why don't you do a Zoom meeting to clarify some of these questions for us? Reading these complicated tables is difficult.

Answer: We are very happy to schedule Zoom meetings to discuss any questions if we receive a request from members.