

2022 Policy on Overhead Assessment

MINIMUM OVERHEAD FEE: A minimum \$25,000 overhead will be assessed to each SIG annually.

OVERHEAD CALCULATION METHOD: Each SIG will be assessed an overhead fee, based on its total expenses (governance- plus conference-related) using a rate scale based on increments of \$250,000 in expenses:

- SIGs with <=135K in total expenses pay the minimum fee of \$25,000
- SIGs with expenses >135K and <=3M pay based on increments of 250K:

$$\text{Overhead} = [(205K \cdot R_1) + (250K \cdot R_2) \dots + (250K \cdot R_n)] + [\text{Total Expenses} - (250K \cdot n)] \cdot R_{(n+1)}$$
 where n = highest integer dividing evenly into the total expenses, and R_n is the n th rate in the table below
- For SIGs with expenses >3M, the rate flattens at 9.8% on any amount over 3M

Increment	Range		Rate (R_n)
1	0	250,000	18.4%
2	250,001	500,000	17.5%
3	500,001	750,000	16.6%
4	750,001	1,000,000	15.6%
5	1,000,001	1,250,000	14.7%
6	1,250,001	1,500,000	13.8%
7	1,500,001	1,750,000	12.9%
8	1,750,001	2,000,000	12.0%
9	2,000,001	2,250,000	11.0%
10	2,250,001	2,500,000	10.1%
11	2,500,001	2,750,000	9.2%
12	2,751,001	3,000,000	8.3%
13	3,000,001	<i>and above</i>	7.4%

OVERHEAD RESERVE FUND: The Overhead Reserve Fund (ORF) is used to "smooth" the year-to-year variation in the amount of overhead recovered based on SIG expenses.

- a) If the amount recovered in a given year exceeds ACM's SIG-related costs for the year, the excess will be credited to the ORF. If the ORF grows larger than half the maximum annual SIG-related costs over the prior 3 years, the excess will be distributed to the SIGs as a credit against the next year's overhead. The amount credited to each SIG will be proportional to what it paid in overhead over the 3-year period.
- b) If the amount falls short, the ORF will be used to cover the shortfall. The ORF cannot fall below zero. If necessary, the SGB-EC will choose whether to cover the shortfall from its own reserves or charge the SIGs additional overhead to make up the difference.

TRANSPARENCY: To improve transparency, at the end of each year ACM will inform the SGB of the total SIG-related costs and total overhead recovered. The report will also show the current state of the Overhead Reserve Fund. (The SGB operates under the assumption that the cost increase will be no more than 3 percent each year.) Since the overhead assessment method may need to be recalibrated at some point, we recommend that the ACM EC conduct a review at least every 5 years to determine whether the method or the minimum fee needs adjusting. Their findings will be reported to the ACM EC and the SGB EC.