

## **Calculation of Overhead Allocation Costs for NCSL Staff Section Professional Development Seminars**

(Adopted at the Executive Committee Meeting at Wilmington, DE, May 17, 2008.  
Amended May 30, 2009, Raleigh, NC)

Some years ago, the National Conference of State Legislatures' Executive Committee agreed that NCSL should charge a fee to the NCSL staff section professional development seminars to reflect the administrative costs of these seminars. The charges are known as an overhead allocation. They are calculated according to a formula the Legislative Staff Coordinating Committee (LSCC) recommended to the executive committee. This memo discusses the purpose of the overhead allocation, what the staff sections receive in return for these charges and the method of calculating the overhead allocation.

### **1. Purpose of the Overhead Cost Allocation.**

The general rule for NCSL meetings is that the meetings pay for themselves, including the salary and associated costs of the meeting planning staff who work on the meetings. For meetings like the Spring and Fall Forums and the Legislative Summit, the costs of seminars staff who plan and administer the meetings are built into the meetings' budgets.

Before the present agreement about staff section professional development seminars (PDS's) was reached, there was a traditional rule that each seminar would contribute between \$1,500 and \$2,500 to the NCSL General Fund to offset its meeting administration. Enforcement of this rule was inconsistent. At the beginning of this century, the decision was made to regularize the charge and make it a routine budgeted cost for staff section PDS's.

### **2. NCSL Services to Professional Development Seminars**

The services that NCSL seminars staff provide for professional development seminars include planning the budget for the meeting, working with the relevant NCSL staff and staff section officers to choose a meeting site and venue; negotiating with the hotel to win the most favorable rates possible and ensuring that all particular meeting needs are covered. NCSL staff administer the meeting, address any issues that arise in its course, and reconcile the budget after the meeting is complete.

### **3. Method of Calculating the Charges**

At the NCSL Executive Committee and LSCC meetings in Wilmington, Delaware, the LSCC proposed and the Budget, Finance and Rules Committee accepted a new formula for calculating the overhead cost allocation for staff section professional

development seminars. The new formula is in effect for seminars scheduled for 2008. It replaces the previous formula.

A fundamental change is that the new formula does not take previous attendance at staff section seminars into account. Under the 2008 formula, overhead allocation charges will be based upon actual attendance at the seminar. Since that cannot be known in advance, the budget calculation will be based on the expected attendance figure that is used for seminar planning. The actual overhead allocation will be recalculated after the seminar on the basis of actual attendance.

These are the provisions of the new formula.

1. Each staff section will pay a fixed amount of \$2,500.00 for each seminar. This amount applies to each staff section whether the PDS is a stand-alone or whether it is joint. (Under this rule, for example, each staff section that participates in a joint seminar will be charged \$2,500.00.)
2. In addition, on top of the first \$2,500.00, each staff section will be charged \$35.00 per paid registrant for the first 150 paid registrants. Two provisos apply, however:
  - a) The \$35.00 add-on does not apply if total paid attendance is 40 or less. (Note: this is not an exemption of the first 40 registrants. The exemption only applies if total paid attendance 40 or less. A meeting with 41 paid attendees would be charged \$35.00 for all 41: \$1,435.00).
  - b) The \$35.00 add-on does not apply to the number of registered guests.
3. In addition, on top of the amounts that result from those calculations, each staff section will be charged \$10.00 per registrant for paid registrations (non-guests only) above 150.
4. Although the overhead cost allocation has to be estimated for the budget when the meeting is being planned, the actual overhead cost allocation will be based on the actual number of registrations for the meeting, and can only be known after the meeting has occurred.
5. Staff sections retain any excess revenues over meeting costs and overhead allocation charges.

6. Staff sections will absorb losses resulting from PDS meetings to the extent possible from their balances of prior year excess revenues. However, staff sections will be able to retain a balance of \$3,000 in their PDS accounts to support programs in the coming year.
  
7. If NCSL is able to recover a portion of staff section losses resulting from PDS meetings by scheduling another meeting at the contracted hotel(s), it will confer with the relevant staff section(s) to reach a mutually satisfactory resolution over return of recovered losses paid by the staff section(s). Staff sections will not recover more than the losses paid.

Example 1.

A professional development seminar budgets for attendance of 175 paid registrants exclusive of paid guest registrations. This would be the budget calculation:

Component of Charges	Calculation	Total Amount
Base Charge	Flat amount of \$2,500.00	\$2,500.00
Amount due per capita: first 150 paid registrations	150 x \$35.00	\$5,250.00
Amount due per capita: Registrations in excess of first 150	25 x \$10.00	\$250.00
Total overhead allocation for budget		\$8,000.00

Example 2.

A staff section budgets for a professional development seminar with 28 attendees.

Component of Charges	Calculation	Total Amount
Base Charge	Flat amount of \$2,500.00	\$2,500.00
Amount due per capita: first 150 paid	Does not apply because total registration will be less than	0

registrations	40.	
Amount due per capita: Registrations in excess of first 150	Does not apply	0
Total overhead allocation for budget		\$2,500.00

Example 3.

A staff section budgets for a professional development seminar with 55 members, five of whom are guests.

Component of Charges	Calculation	Total Amount
Base Charge	Flat amount of \$2,500.00	\$2,500.00
Amount due per capita: first 150 paid registrations	50 x \$35.00 (\$35 fee is waived for the five guests.)	\$1,750.00
Amount due per capita: Registrations in excess of first 150	Does not apply	0
Total overhead allocation for budget		\$4,250.00