The background of the slide is a dense, overlapping field of 3D-rendered numbers (0-9) in various shades of blue and white. The numbers are of different sizes and are oriented in various directions, creating a sense of depth and movement. A dark blue rectangular box is positioned on the right side of the slide, containing the text.

# Overhead Overview

SGB Coffee Hour

30 September 2024

# ACM Overhead Basics

- ◆ Overhead is the cost of doing business as part of a large organization and includes the direct and indirect operational costs ACM incurs on behalf of the SIGs. This includes costs associated with all Departments of ACM including:
  - ◆ SIG Services
  - ◆ Financial Services
  - ◆ Information Services
  - ◆ Office of the Executive Director and Policy & Administration,
  - ◆ Marketing and Promotions
  - ◆ Publications
  - ◆ Membership
  - ◆ General Office and Facilities
  - ◆ ACM Governance
  - ◆ Office of the Digital Library



# Service Activities

- ❖ Governance: awards, viability reviews, policy guidance, SIG administration support
- ❖ Conferences, events: PAFs, TMRFs, venue request proposals, venue negotiations, venue contract execution, closing financial records
- ❖ Payments: travel, scholarships, reimbursements
- ❖ Negotiations and contracts: negotiation, execution, payments
- ❖ Zoom accounts, CVENT accounts, legal assistance
- ❖ Financial: SIG budgets, yearly audit, process invoices, VAT returns and recoupment
- ❖ Information services: websites, listservs, submission systems, databases
- ❖ Policy & administration: liability insurance, legal council, indemnification, administer elections
- ❖ Marketing & promotion: press releases, social media, conference promotion
- ❖ Publications: newsletter production and publication, PACM publication, magazine publications, ethics & plagiarism
- ❖ Membership: maintain and process memberships, respond to member queries
- ❖ Programs beyond scope of SIG or SGB (curriculum efforts, ACM-wide committees)

Representative, but  
non-exhaustive list

# ACM Overhead Basics

- ◇ Overhead is assessed on SIG expenses based on a sliding scale, which is available at (<https://www.acm.org/special-interest-groups/volunteer-resources/officers-manual/finances#over>)
  - ◇ SIGs with  $\leq \$135K$  in total expenses pay the minimum fee of \$25K
  - ◇ SIGs with expenses  $> \$135K$  and  $\leq \$3M$  pay based on increments of \$250K.
  - ◇ For SIGs with expenses  $> \$3M$ , the rate flattens at 7.4% on any amount over \$3M

<i>Increment</i>	<i>Range (\$)</i>		<i>Rate (<math>R_n</math>)</i>
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	and above	7.4%



# ACM Overhead Basics

- ◆ There is a SIG Overhead Reserve Fund that exists to smooth the year-to-year variation in overhead collected and expenses incurred. Six (6) months of expenses is the target amount for the overhead reserve fund
  - ◆ If assessed overhead doesn't cover expenses, money is removed
  - ◆ If assessed overhead exceeds expenses, money is deposited
  - ◆ If amount in overhead reserve fund exceeds 50% of the annual SIG costs to ACM, the SGB can decide what to do with the excess in any given year

# 2021 Issues: ACM PTF formed

- Original scale and costs developed and put into place in 2000 (FY2001) and never adjusted for inflation or changes in spending

## What Has/Hasn't Changed 2001-2021

- SIG-related costs *haven't* gone up much (less than inflation)

Prior analysis of annual SIG-related costs (2001)	2.586M
Recent analysis of annual SIG-related costs (FY21)	4.091M
20-year increase	1.505M
Increase expressed as APR	2.32%

Increase due to simple CPI inflation 2001-2021	2.36%
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- What *has* changed is the pattern of SIG spending
  - 10% of SIGS now account for 1/2 the overall expenses of 37 SIGs
    - End up paying overhead at "effective rate" of just 7-8%
  - On the other end, 20% of SIGs have minimal expenses
    - Essentially don't pay anything (the minimum DL distribution covers the minimum overhead of \$10K)

**Net effect: proportionately less overhead \$\$ collected, even as spending went up**



# 2021 Issues: ACM PTF formed

- ◆ Depletion of Overhead Reserve Fund

- ◆ In the 10 years prior to FY2021, there was a shortfall in 5 of the 10 preceding years, the worst of which was 2021
- ◆ In FY'20, ACM EC recognized the financial issues caused by Covid and subsidized the allocation by \$1M.
- ◆ In FY'21 the entire balance in the reserve fund was wiped out and ACM again subsidized the allocation by approximately \$1M.

# PTF Considerations (2021): “Fairness”

- ◆ Conceptually, fairness is simple
  - ◆ Each SIG should pay “a fair share” of the total SIG-related costs
- ◆ In practice, impossible to be fair to all
  - ◆ SIGs are just too heterogenous (there’s no such thing as a typical SIG)
    - ◆ E.g., Membership is completely unrelated to activities or funds
    - ◆ Other factors explored, and no correlations emerged

	Min	Max	Median
Membership (prof + SIG-only)	85	2,103	381
Funded activities (SIG governance + conference expenses)	\$ 5,546	\$6,786,000	\$262,297
Fund balance	\$20,500	\$5,827,000	\$844,000

Analysis of SIGs  
FY17-FY21



# Looking at “fairness” another way

- ◆ What has changed is the pattern of SIG spending
  - ◆ **10% of SIGS** now account for 1/2 the overall expenses of 37 SIGs
    - ◆ End up paying overhead at “effective rate” of just 7-8%
  - ◆ On the other end, **20% of SIGs** have minimal expenses
    - ◆ Simply use the DL distribution to cover overhead
- ◆ **However, all SIGs use the services mentioned before at approximately the same rate**

# PTF Recommendations to SGB

- ◆ Update the minimum fee
  - ◆ Minimum fee has not changed in 20 years, so it hasn't even kept up with inflation
  - ◆ Minimum fee is a call for a minimum level of SIG activity – if there is no cost to run a SIG then no incentive to have activity or close
  - ◆ Similar calculation used to set fee as in 2000 led to \$25K minimum fee
- ◆ Increase the rate in the table for those SIGs paying more than the minimum fee (two options proposed)



# PTF Recommendations to SGB

- ◆ Increase the rate in the table for those SIGs paying more than the minimum fee (two options proposed)

## Impact Varies under the Two Methods

Method	Increment Size	Rate Scale	Who's Affected Most
Original (2001)	\$125K	16% on first 125K; each subsequent 125K pays .08% less	Significantly favored active SIGs (those with high expenses)
Proposed method 1	\$125K	Multiplier needed = 1.6	Relatively even-handed
Proposed method 2	\$250K	Multiplier needed = 1.26	Shifts burden to the 3 most active SIGs

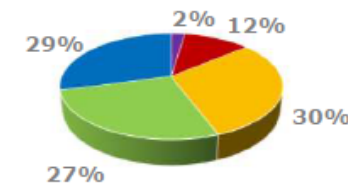
Average increase under each method, by cohort

Cohort	# SIGs	Expenses, Minimum	Expenses, Maximum	Avg Increase, Method 1	Avg Increase, Method 2
1	7	\$5,546	\$69,404	Unaffected by method (will pay minimum regardless)	
2	12	\$83,354	\$262,297	50%	25%
3	10	\$304,093	\$856,683	58%	39%
4	5	\$887,283	\$1,919,222	61%	56%
5	3	\$3,445,095	\$6,785,748	53%	77%

## What Share Will Each Cohort Pay

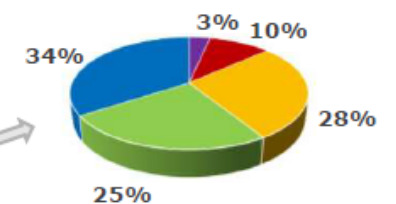
- Considering total overhead \$\$, which cohorts will be footing the bill?
  - Method 1: similar to past for Cohorts 1-3, but Cohort 5's share increases substantially
  - Method 2: Cohort 5 subsidizes the services other cohorts receive
  - (Changes for Cohort 1 are due to the larger minimum fee)

Original Method

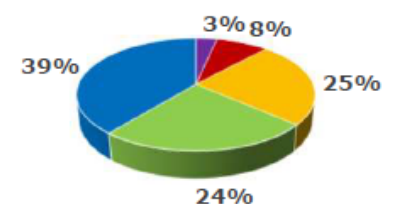


- Cohort 1 (7 SIGs)
- Cohort 2 (12 SIGs)
- Cohort 3 (10 SIGs)
- Cohort 4 (5 SIGs)
- Cohort 5 (3 SIGs)

Method 1



Method 2



Association for  
Computing Machinery

Advancing Computing as a Science & Profession

# SGB Vote – SGB Task Force

- ◆ The SGB Voted in April 2022 for Option 2 (previous slide) updated to a 1.15 multiplier when vote actually took place
- ◆ SGB Organized a Task Force to better understand implications of overhead decision that started meeting in September 2022
  - ◆ Goals were to strengthen:
    - ◆ Collaboration between SGB and ACM
    - ◆ Mutual understanding of the issues of overhead
    - ◆ Transparency



# 2022-2023 Task Force Process

- ◆ Met as a task force several times alone and with others:
  - ◆ Alain Chesnais (spearheaded the effort for overhead calculation in 2001)
  - ◆ ACM President
- ◆ Talked to all SIGs (Eight 60-minute meetings with reps from each SIG)
- ◆ Asked about things that were positive, negative, and ways to improve

# 2022-2023 Task Force Recommendations

- ◆ Maintain current overhead policy, as approved last year by the SGB. Additional stipulations:
  - ◆ The SGB EC should work with SIGs that are struggling to pay their overhead expenses.
  - ◆ The SGB should be provided an annual report on the performance of the current overhead policy, including:
    - ◆ the ability of the 38 SIGs as a whole to reimburse the ACM for total SIG-related annual expenses, and
    - ◆ our progress towards replenishing the Overhead Reserve Fund.
  - ◆ The SGB should conduct a formal review of the overhead rate calculation every 3 years (next in FY2025).
- ◆ Institute additional communication channels between ACM and SIGs:
  - ◆ SGB EC will work with ACM to provide formalized information channels to SIG leaders, members, and communities on ACM services and the role of overhead in the operation of SIGs and ACM.
  - ◆ The SGB EC will develop formalized mechanisms for SIGs and ACM to discuss changes in services.