

ALA Overhead Rate Calculation Process

Determine Total Overhead Expense

- Overhead items to be allocated are defined by Operating Practice (OP)
 - 27 separate allocable overhead expenses
- For current budget year, use most recent actual expenses for those items

Allocate to Units

- Update allocation assumptions (i.e. how each cost consumed by unit)

Confirm Revenue Base

- For current budget year, use most recent actual revenues only from
 - Publishing
 - Conferences

Calculate Composite Overhead Rate

- Per OP, composite overhead rate equals ratio of:
 - Total overhead consumed by Publishing & Conferences
 - Total revenues generated by Publishing & Conferences

The overhead rate is calculated two fiscal years in advance of budget year (e.g. for FY17, this rate was calculated using FY15 numbers)