

Conference Cost Trends: Implications for Future Registration Fees

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The annual conference is one of the most important functions of the System Dynamics Society. Attendance at the conference is essential for networking with colleagues, bringing new members into the field, and disseminating good practice. Because we are an international society with many members from less wealthy countries, and with many student members, the cost of attending the conference is an important consideration for many attendees. Some members of the Society have argued that the current registration fee is too high. Unfortunately, cost pressures and attendance trends are likely to lead to further increases in registration fees. In this memo I would like to present registration fee and cost data, ask for inputs and discussion from others, and pose some questions that might be addressed at a future Policy Council meeting.

Registration Fee Trends

Figure 1 Trends in Early Member Registration Fees

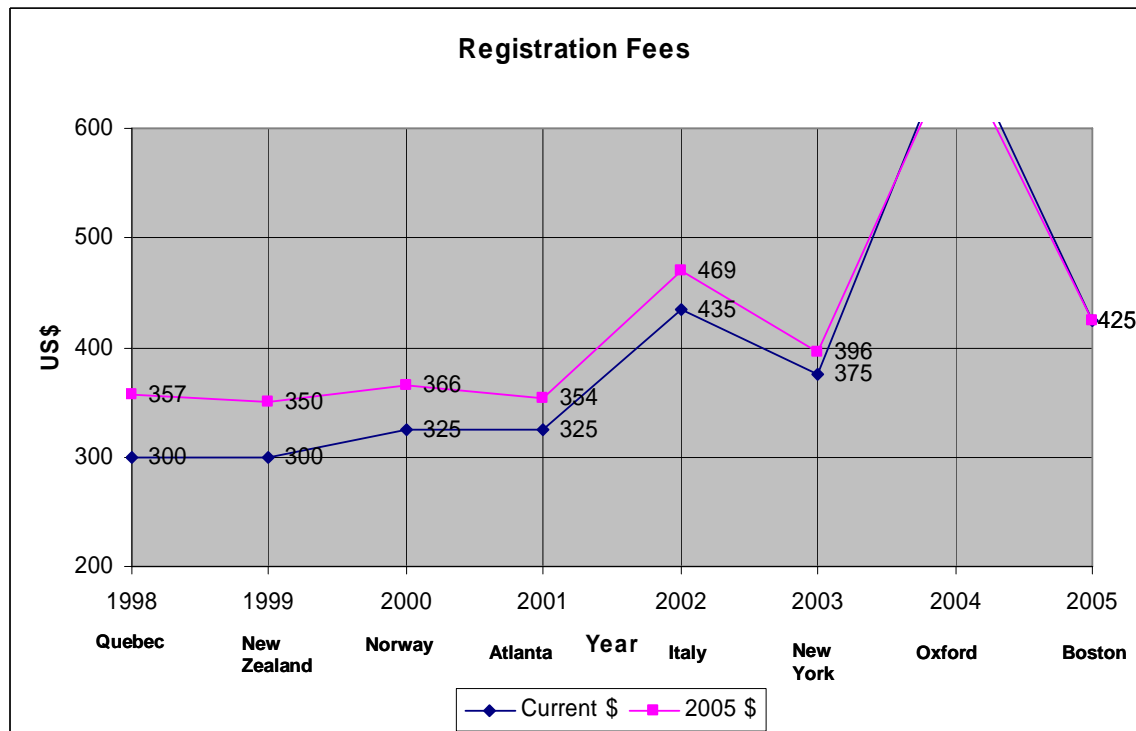


Figure 1 above shows trends in registration fee (Early Member) from 1998 to 2005. In current dollars, the fee has grown from \$300 to \$425, an average of 6% per year. The fee for 2006 is also set to \$425, as is the tentative fee for 2007. This will lower the average annual growth rate to 5.2% and 4.6%, respectively. In 2005 dollars, the registration fee was \$357 in 1998, giving an average “real” growth rate of 2.7% per year. Annual growth would be reduced to 1.3% per year if the 2007 fee is maintained at \$425, assuming an inflation rate of 4% in 2006 and 3% in 2007.

The average annual *increase* in registration fee does not seem too high. In fact, the registration fee for some of the earlier conferences in the data (1999 and 2000) should probably have been

higher because these conferences earned less than the currently budgeted surplus. Nevertheless, the overall level of costs and registration fee are reportedly higher than other academic conferences, and are a burden to many members of the Society.

Cost Levels and Trends

Conference costs can be broken down into four major categories:

1. Facilities (primarily on-site meeting rooms and AV equipment)
2. Program Mandatory (brochures, printed abstracts, CDs, Society meetings)
3. Program Optional (any Program Chair expenses, souvenirs, banquet, lunches, coffee breaks, etc.)
4. Head Office (Head office professional fees related to organizing and managing the conference, outside services, travel, credit card fees)

Figure 2 Trends in Cost By Major Category (2005 Dollars)

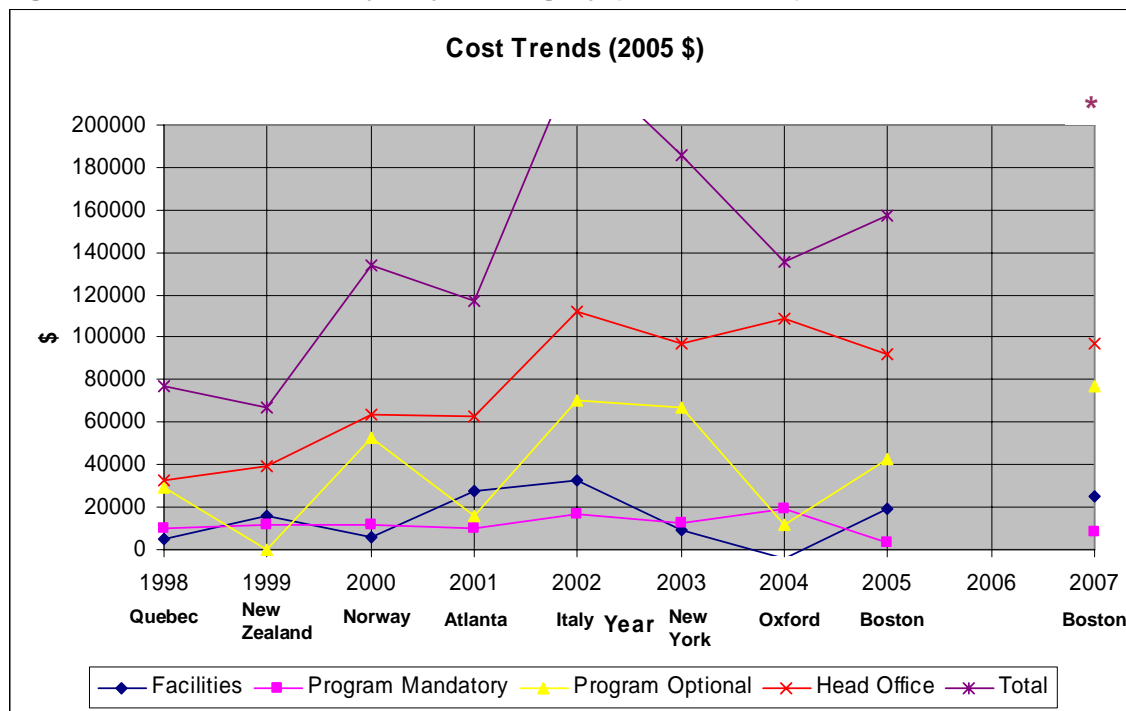


Figure 2 above shows trends in these four cost categories from 1998 to 2005, along with the budget for 2007, all in 2005 dollars. Total costs have grown significantly since 1998. Most of this growth is driven by two spurts in Head Office costs – 1999 to 2000, and 2001 to 2002 – along with growth in Optional Program and Facilities costs. The reasons for the Head Office spurts are discussed below. Optional Program and Facilities costs have also grown, but with significant year-to-year variation. Optional Program costs depend largely on the banquet, breaks, and meals included in the registration fee. Facilities costs depend on the venue and especially on how much of the AV equipment and/or meeting rooms can be obtained for “free” or at a significant discount. Program Mandatory costs have been relatively small and stable.

The two periods of increase in Head Office costs warrant further discussion. They result from the “professionalization” of our conference that has occurred over the last seven years. During that

time, the Head Office has taken over responsibility for a number of functions originally performed for “free” by the conference organizers, and added functions that were previously not performed at all. The functions performed by the Head Office include: advertising and promoting the conference; managing the paper review and submittal system (now largely automated); working with over 300 volunteers (reviewers, organizers, and on-site); keeping the conference website and tentative schedule up-to-date; scheduling the PhD Colloquium, other Sunday events including the PC meeting with agenda assistance to the President, and all other non-scientific program related events and meetings; recruiting chairs for each session and meeting; dealing with exhibitor issues; initiating “new” ideas and events such as the focused research sessions, first-timer welcome reception, and PC informal gathering; notifying and following through for conference scholarship recipients; registration issues including dealing with very large sums of money and a variety of currencies, and payment options; personalized letters for acquiring visas and verifying attendance; support to Award committees; preparing and printing abstracts of papers; preparing and printing conference papers/CDs (now largely automated); negotiating with the conference venue on behalf of the Society; and soliciting sponsorship from the System Dynamics community. As a result, costs that were in the past either not incurred or were borne by the organization and individuals hosting the conference are now borne by the Society, and are therefore reflected in the registration fee. Note, however, that Head Office costs have stabilized and in fact declined slightly in real terms since 2002 (they have increased slightly in current dollars). This behavior results in part from normal learning curves, but also importantly from efforts by Bob Eberlein to automate the paper submittal, review, and final printing (CD) process, and efforts by Roberta Spencer and her team to improve efficiencies.

Nevertheless, these cost levels pose significant challenges going forward. The conference registration fee is determined by the sum of these costs and the budgeted \$25,000 surplus, less conference sponsorship, all divided by the expected attendance (adjusted for discounted registrations). In the past, conference sponsorship from the SD community (as opposed to “local” sponsors) has approximately covered the \$25,000 budgeted surplus. Therefore, if Head Office costs are approximately \$100,000, and “Other” costs for Facilities, Program Mandatory and Program Optional are in the \$60,000 range, then the registration fee will be determined by attendance as calculated in the table below (Cost Per Attendee equals \$100,000 Head Office costs and \$60,000 “Other” costs divided by adjusted attendance; Required Fee sums the two costs per attendee):

Attendance	Adjusted	Cost Per Attendee		Required
		Head Office	Other	Fee
400	300	333	200	533
450	338	296	178	474
500	375	267	160	427
550	413	242	145	388
600	450	222	133	356

Underlying these calculations are the following assumptions:

- Costs do not vary significantly for the range of attendance (this is partly but not completely true – recent attendance has ranged from 375 to 525, so the cost averages hold for a reasonable attendance range); and
- We maintain the same mix of registrants and discounts as in the past (giving the “adjusted” equivalent “early member” registrations in the second column below)

Examining the numbers in the table, given the \$100,000 Head Office costs and \$60,000 typical other costs, then the registration fee would need to be \$533 with an attendance of 400 and \$474 with an attendance of 450, and so on (although again costs may need to rise some as attendance increases). With these average costs, in the future we would need an attendance of at least 500 to keep the registration fee at \$425 in real terms.¹

The challenges that these numbers pose include the following:

1. Costs may increase faster than inflation (while Head Office costs have stabilized and may in fact decline further in real terms, all other conference costs have been growing at about 6% per year in real terms).
2. Conference hosts need to be aggressive in negotiating facilities costs, managing optional program costs, and obtaining local sponsorship. Recent historical averages indicate baseline budgets of \$20,000 for Facilities, \$10,000 for Program Mandatory, and \$30,000 for Program Optional. However, there are wide variations year to year based on the particulars of the conference site. Charges for meeting rooms and AV equipment can each be quite high and easily exceed \$30,000 unless carefully negotiated. Inclusion of a banquet, breaks, and lunches can be very expensive and add significantly to the registration fee unless offset by additional local sponsorship. Local conference hosts play a critical role in keeping this aspect of the registration fee low.
3. Head Office costs for European conferences tend to be higher (about 10%) than North American conferences because of additional work and travel in managing a distant conference, and attendance is lower. As a result, \$10,000 in extra costs with 100 fewer attendees automatically adds \$100 to the potential registration fee! The situation is likely to be worse in other locations.

Questions for Discussion

1. Is the registration fee out of line with other, similar conferences? If so, why, and what can we do about it?

I have heard this comment before, but as I do not attend other conferences I have no data to confirm it. Could others offer up some data on the costs of attending other academic conferences?

[Mike Radzicki reports that “in the social sciences in general, and in economics in particular (at least in the US), VIRTUALLY NO CONFERENCE REGISTRATION FEES ARE MORE THAN \$100 (and some are around \$70). Of course, the conferences are bare-bones...If you want a cup of coffee go buy one. If you want to sight-see or be entertained in the evening, go ahead and pay for it on your own. Even the banquets at econ conferences almost always require an extra fee and are optional.”]

The “free” workshops on Thursday are also unusual. At other conferences, attendees would pay extra for these workshops.

¹ Note that the cost of the Boston conference was around \$160,000, with a total attendance of 521 and a registration fee of \$425. The Boston conference surplus was approximately \$50,000. The “extra” surplus above the budgeted \$25,000 came from extra sponsorship of \$15,000 (substantial amount of this by MIT as the local host), and attendance above the 500 noted in the table above.

Do others have ideas as to why other conferences may have lower registration fees? Is it because they have much larger attendance and are therefore able to spread their fixed costs over more attendees?

Are we at an unfortunate “middle” size where our conferences are too big to be realistically run by volunteers (as in the past), but too small to take advantage of scale economies?

Do our conferences offer features or “amenities” that other conferences do not?

2. Do we want to grow the size of the conference to take advantage of any scale economies? There seems to be some consensus that the conference should not be much larger than 500 attendees.

Nevertheless, if we do want a larger conference, how do we deal with the numbers of papers given the current conference format of plenary, parallel, research, and poster sessions?

Alternatively, do we want to constrain attendance at the annual international conference to around 500 by increasing paper rejection rate, and encouraging development of other regional or interest-group conferences to absorb growth?² The electronic paper review system could be made available to affiliated conferences to facilitate this. We do, however, need to be careful that these other conferences do not directly compete with the Society’s annual conference to the point where attendance at the main event is reduced below the desired levels.

3. If the registration fee is reasonable for most members of the Society but high for certain members, should we adapt a tiered registration fee or scholarship program to address this problem?

At this time we offer a student registration discount of around 50%. Approximately 20% of conference attendees fall into this category. Most other registrations fall into the “Early Member” category, which is discounted from the “list” price, but few attendees pay the list price any more. With the addition of “becoming a member” added to the conference registration form, we are also getting more registrants paying a lower registration fee in addition to a membership fee. In the past, more registrants were non-members paying a higher registration fee. Since 2005, we also offer some financial aid scholarships; there is a Conference Scholarship Committee and a standardized application process. The goal is to offer ten conference registrations for free and complimentary accommodations for 10 people (2 people to a room). In Boston the Seaport sponsored five rooms for four nights, so there was no extra cost for this. The Seaport will do this again in 2007. In Nijmegen the Society is picking up this cost. We will be budgeting \$2000 explicitly for these scholarships after 2007, either by reducing the required surplus (i.e., the Society budget picks up the cost), or adding it to the conference mandatory budget (registration fee picks up the cost).

It might be possible to offer some tiered registration fee based on income. Doing this, however, will add some workload to the Head Office and of course increase the registration fee for others, although we have not looked into how much this might be.

² Although shrinking the size of the conference, unless we return to significant conference management by local hosts, will not reduce Head Office costs. I doubt many in the Society would favor returning to the earlier local-host conference model at this point.

4. Are there ways of significantly reducing Head Office costs? Although much of the paper submission and review workload has already been automated, final papers will be made available electronically, and CDs printed only at extra charge, this is still a large amount of work. Are there other cost-saving investments? Or is the best option to grow the conference and take advantage of scale economies to reduce Head Office costs?
5. Should the surplus provided by the conference to support the Society's other operating costs be raised in another way? A \$25,000 surplus adds \$50 to the registration fee for a 500-person conference. If we raised the annual society membership fee instead, the per-person increment would be closer to \$25 (approximately 1000 members). Assuming that Society costs directly related to the conference are charged and budgeted to the conference, it seems as if having all members subsidize other non-conference Society costs would be the fairest approach. It may also be easier to implement a tiered membership fee than a tiered conference registration fee.
6. How can we deal with the cost and attendance differential of non-US conferences? As we are an international society, the happenstance of our head office being located in the US should not affect conference costs. One possibility is to budget for a higher surplus to the Society for US conferences, and a lower surplus for other conference locations. (If we go to a zero surplus conference, then US conferences could budget for \$5000 surplus and non-US negative \$5000).

However, this raises the issue of whether the apparent cost and attendance differentials for Europe versus recent US conferences are a function of the favorable location of the US conferences (Boston and New York), rather than US versus Europe issue? If we hold the US conference somewhere else in the US, will Head Office costs increase, and attendance decline?

We have not identified a low-cost/high attendance default site for Europe similar to Boston in the US. Should we, and what are the candidates?