

## Understanding Dues

### Establishing the Dues Rate

In any membership organization, dues paid by members are an important part of how the organization covers the cost of its operations. Depending on the organization, member dues may be the only source of income. Dues income pays for the services and benefits the members receive, as well as for the organization's other activities related to its mission.

Local American Inns of Court are almost exclusively funded by the dues they collect from their members. Some Inns may receive some contributions or sponsorships to help offset some of their operating costs, but most Inns have only the dues they collect from members to cover the costs of running the Inn. Thus, great care should be taken in determining how much members will be required to pay.

The first step in making that determination should be to know the Inn's per member cost. While it is true that a local Inn of Court is not generally a complicated operation, it is easy to forget one or more expenses, so a thorough examination of the regular, recurring, and annual expenses should be undertaken in order to calculate the total costs of running the Inn. In this first part of the process, Inns should not include non-operating expenses like dues paid to national or special events for which members will pay separately.

For example, the following is a list of the types of expenses a typical American Inn of Court may have, and how those expenses may be tallied to arrive at a total operating cost:

<b>Catering</b> ( <i>monthly meetings</i> )		
Meals:	\$25/plate x 8 mtgs x avg. 60 members/mtg	\$12,000
Bar:	\$10/person x 8 mtgs x avg. 60 members/mtg	4,800
<b>Audio Visual</b>	\$100/mtg x 8 mtgs	800
<b>CLE accreditation</b>	\$10/program x 8 programs	80
<b>Meeting space rental</b>	\$150/mtg x 8 mtgs	1,200
<b>Administrative support</b>	\$20/hour x 10 hours/month	2,400
<b>Total operating costs to be covered by dues</b>		<b>\$21,280</b>

If this Inn has 80 active dues-paying members with an average attendance of 75% (i.e., the Inn is not paying for a meal for every member at every meeting), the basic cost per person is \$266. This is not necessarily the dues amount to be paid by each member, however. Many Inns choose to set a different rate for different categories of members. For example, Masters of the Bench may pay more than Barristers who, in turn, may pay more than Associates. The Inn may include law students who may not pay anything. Further, the Inn may choose to provide discounted dues to judges or government employees. But knowing the total operating costs and the cost per person gives the Inn a starting place for setting its dues rates, which is the second step.

The dues rate that a member pays includes the relative share of the Inn's total operating costs plus the member's national dues, which the Inn is required to collect from each active member to pass through to the American Inns of Court Foundation. (This amount is currently \$85). So, using the figures in the example above, an Inn's dues rates might be as follows:

	Local Dues	National Dues	Total/member
<b>Masters of the Bench</b>			
Private practice (32 members)	\$400	\$85	\$485
Judges (8 members)	\$250	\$85	\$335
<b>Barristers</b> (16 members)	\$300	\$85	\$385
<b>Associates</b> (16 members)	\$200	\$85	\$285
<b>Pupils</b> (8 members)	\$25	\$0	\$25

With this dues structure, the Inn will collect a total of \$29,120. This is more than enough to cover the \$21,280 in operating costs plus the amount passed through to national of \$6,120.

### National Dues

As noted above, each Inn of Court is required by its charter to collect on behalf of the American Inns of Court Foundation an amount from each active member. That amount is set by the national board of trustees and makes up the primary source of income for the national organization. Similar to the local Inn, the national dues collected by and remitted to the national organization help pay for the benefits and services provided to Inns and Inn members, and other mission-related activities.

It is important to remember that the national dues is in addition to the dues the Inn needs to collect from its members, which is why the process for setting the dues rate should start with understanding the Inn's local operating costs.

If you have questions about creating a budget for your Inn, or how to ensure you are collecting the correct amount from your members, please visit our website for more samples and other resources, or contact your [Director of Chapter Relations](#).