

## Proposal J

### “Better Tiers - Same Definition of Earned Revenue”

#### Plan Description:

This Plan updates the scope of the revenue brackets and corresponding percentage rate of each revenue bracket to yield a fairer share of dues burden across all Members.

	Rate	From	To
- Bracket One	0.60%	\$0	\$15,000,000
- Bracket Two	0.30%	\$15,000,001	\$60,000,000
- Bracket Three	0.10%	\$60,000,001	Infinity

This Plan complies with both the Member Agreement (Article IV, Section 4) and GII Bylaws (Article III, Section 6).

#### Rationale for Equity:

This Plan addresses the foundational principles of a dues structure in the following ways:

##### • Fair Share

- In the current structure, the amount of dues that the smallest Goodwill pays in dues as a percentage of Earned Revenue is 16.7x than the largest Goodwill.
  - Milwaukee pays 0.06% of Earned Revenue in dues.
  - 16 Goodwills with <\$10.3M in Earned Revenue pay 1.0% of Earned Revenue
- The Plan reduces the above difference to 4.1x in year one.
  - Milwaukee is projected to pay 0.145% of Earned Revenue in dues.
  - 33 Goodwills with <\$15M in projected Earned Revenue would pay 0.60% of Earned Revenue in dues in year one.
- The Plan also necessarily removes the cap on dues.
  - If a cap remains in place, it is just a function of time for inequity to build back into the system.
    - Over time, the inequity of this plan can only grow to a theoretical maximum of 6.0x.
  - Each Member has full autonomy and responsibility for every dollar of Earned Revenue it chooses to earn.
    - And as part of belonging to a member organization, each Member should reserve some portion of every dollar earned to support that member organization.
      - In this Plan, it's a mere 10 cents for every \$100 earned for Goodwills with over \$60M in Earned Revenue.
- Number of Goodwills by Tier based on the model's Projected 2023 Earned Revenue
  - \$0M - \$15M 33
  - \$15M - \$60M 78
  - >\$60M 43

##### • Incentivize Growth

- A regressive tiered rate dues structure disingenuously incentivizes growth because a territory with a small number of households will not have a realistic path to tiers with lower rates.

#### Other Key Features:

##### • Revenue-neutral

- Design intended to maintain revenue neutrality.
- The Plan also maintains GII's ability to increase the revenue brackets by CPI each year to generate incremental revenue, but in doing so also places a further disproportionate share on smaller Goodwills.

##### • Reasonable glidepath: 5-year transition to new structure.

##### • Same Earned Revenue definition

Bracket Ranges		Dues Percentage
0	\$15,000,000	.6%
\$15,000,001	\$60,000,000	.3%
>\$60,000,000		.1%

Equity Ratio (Dues Percentage for Highest Earned Revenue Goodwills to Lowest Earned Revenue Goodwills - with Earned Revenue defined by proposer)					
	2024	2025	2026	2027	2028
	3.1	3.1	3.1	3.1	3.1
<b>Total GII Dues Revenue Projected</b>					
Current Structure	\$26,510,633	\$27,305,952	\$28,125,130	\$28,968,884	\$29,837,951
Proposed Structure	\$26,519,963	\$27,315,562	\$28,135,029	\$28,979,080	\$29,848,452
Change in GII Revenue	\$9,330	\$9,610	\$9,899	\$10,196	\$10,501