

Proposal N

This membership dues structure proposal strives to provide an equitable solution for all Goodwills to support the work of Goodwill Industries International (GII). The proposed effective date is January 1, 2024.

This proposal recognizes that the language in the governing documents states that membership dues shall be determined as a percentage of each organization member's earned revenues and as such makes no recommendation to change the currently set revenue brackets as shown in the table below and adjusted periodically as stated in the governing documents. The proposal does recommend the elimination of facility-based revenue outside of AbilityOne services from the earned revenue calculation due to the nature of that revenue as being undertaken to facilitate services and often resulting in a negative margin. These facility-based revenues are reported in the Commercial Services category and in 2021 had a reported E/R of 105.

Proposal Summary

- Revenue Brackets remain the same as currently defined keeping the revenue cap in the third bracket
- Earned income excludes facility-based Commercial Services contracts
- Contribution percentages are leveled for all earned revenue brackets
- Proposal is revenue neutral for GII

Reasoning

Currently, the 52 smaller and mid-sized Goodwill organizations are paying a larger percentage of their individual earned revenues in dues. See the *Proposal Comparison Based on 2023 Estimates* table below. This loss of working and growth capital has the potential to limit those Goodwill organizations from recognizing full potential in their assigned territories. While remaining revenue neutral for GII, this proposal levels the contribution percentage and continues recognition of the beneficial revenue cap for the larger Goodwill organizations. This structure will allow the 52 Goodwill organizations in the first two revenue brackets to invest in growth to more fully and impactfully serve their territories.

While this proposal does not provide full equity where smaller organizations contribute a lower percentage of their earned revenue than larger organizations, it does reduce the equity ratio from 9 to 4.2 based on a calculation set of 15 lowest revenue and 15 highest revenue Goodwills. The equity ratio is defined as the average dues ratio for larger organizations over the same ratio for smaller organizations.

If this proposal is implemented, largest revenue Goodwill organizations will pay on average .13% of their earned revenue and lowest revenue Goodwill organizations will pay on average .56% of their earned revenue.

Proposal Comparison Based on 2023 Estimates

Earned Revenue Brackets		# of Goodwill s	% of Membership	Current Dues % of Earned Revenue	Projected Dues Based on Current Structure	Proposed Dues % of Earned Revenue	Projected Dues Based on Proposed Structure
\$ -	\$ 10,642,294	19	12.3%	1.0%	\$ 1,430,819	0.5625%	\$ 771,703
\$ 10,642,295	\$ 21,284,588	33	21.3%	0.5%	\$ 4,364,874	0.5630%	\$ 2,898,274
\$ 21,284,589	\$ 42,569,176	103	66.5%	0.2%	\$ 19,942,786	0.5630%	\$ 22,068,517

For detailed calculations see *Appendix A Dues Projection Tool*

Bracket Ranges		Dues Percentage
0	\$10,642,294	.5625%
\$10,642,295	\$21,284,588	.5630%
\$21,284,489	\$42,569,176	.5630%

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
	4.2	4.2	4.2	4.2	4.2
Total GII Dues Revenue Projected					
Current Structure	\$26,510,633	\$27,305,952	\$28,125,130	\$28,968,884	\$29,837,951
Proposed Structure	\$26,510,649	\$27,305,968	\$28,125,148	\$28,968,902	\$29,837,969
Change in GII Revenue	\$16	\$16	\$18	\$18	\$18