Proposal L (Revised)

A 'same-rate' dues structure is a significant change from our current structure, but upon a closer look, is the **fairest structure** for the member network.

The **wide range of households per territory** across the Members makes any regressive tiered rate dues structure fundamentally inequitable because the number of households within a territory serves as a structural proxy/limitation for **market size (revenue) potential**. To see this inequity in action, let's take an example: 42 Goodwills have 337K households or less and would need to surpass Portland's network- leading $126 Revenue per HH (#2 Sarasota: $111/HH) before they could enjoy 'dues-free' growth which Portland has enjoyed for the past 20 years (over $140M in total, all 'dues-free'). Conversely, Portland has enjoyed 'dues-free' growth once it exceeded $30 revenue per HH because it has 1,421,467 Households in its territory. Double standard?

Further, no one could set "fair" brackets and rates because it is arbitrary.

At 0.37% of revenue, the value to belong to the Member Organization is still immense for each Member but for differing reasons. Also, 0.37% compares favorably to other member organizations and franchises.

Moreover, there is no free lunch. Each Member belonging to a Member Organization should reserve some portion of every dollar earned to support that Member Organization. Or put differently, tell me the appropriate number where dues no longer apply. Why?

Next, a cap is unnecessary to prevent the 'runaway train' of GII dues but is a sure way to all but codify inequity. Instead, simply implement a "**GII Dues Cap and Rebate**" program, where any dues collected above CPI growth is rebated on a pro rata share back to Members. Cap the dues, not the revenue.

Lastly, let's agree that while dues are assessed on Earned Revenue, Members in fact pay dues with Operating Margin (revenue – expenses). Each type of revenue at Goodwill has had structurally different operating margins on a historical and consistent basis. Therefore, this proposal additionally **excludes** from the definition **Program Services and Schools revenue and discounts Business Services revenue by 50%** since it has been 35% as profitable as DGR revenue.

In the end, DEI is about action. Let's take action and move forward together.

EXPENSE-TO-REVENUE RATIO (E/R) - NORTH AMERICA

Revenue Type	2021	2019	2018	2017	2016	Avg	Max	Min	2022 Revenue	% of Total
Donated Goods Retail	75.30	82.77	82.97	83.85	82.96	**79.67**	83.85	75.18	$ 5,997,061,230	79%
Business Services	91.31	91.58	91.81	93.39	93.30	**93.22**	95.20	91.31	$ 733,297,198	10%
Program Services	113.66	119.38	115.05	116.20	117.50	**117.51**	122.21	111.78	$ 610,817,116	8%
Schools	96.70	102.29	107.41			**102.13**	107.41	96.70	$ 81,679,289	1%
Other Operating Revenues	77.40	122.09	118.21	105.91	109.94	**108.88**	122.09	77.40	$ 67,645,362	1%
Foundations	50.91	88.56	97.22			**78.90**	97.22	50.91	$ 34,851,611	0%
G&A Revenues	9.21	9.93	9.93	10.29	10.80	**10.35**	10.90	9.21	$ 35,981,809	0%
Operating Total	88.98	96.87	97.52	98.10	98.50	**95.49**	98.50	88.98	**$ 7,561,333,615**	**100%**
Grand Total	85.42	95.78	97.36	98.01	98.36	**94.90**	98.36	85.42		

Business Services Op. Margin as a % of DGR Op. Margin	35%	49%	48%	41%	39%	**35%**	49%	20%

NOTE: 2020 data is excluded due to impact of pandemic.

"GII Dues Cap and REBATE" Program	**2024**	**2025**	**2026**	**2027**	**2028**
Dues - Proposed Structure - High Growth (7.0%)	$27,633,319	$29,567,651	$31,637,387	$33,852,004	$36,221,644
Dues Growth %		7.0%	7.0%	7.0%	7.0%
Dues - Proposed Structure - CPI Growth (3.0%)	$26,600,298	$27,398,307	$28,220,256	$29,066,864	$29,938,869
Dues Growth %		3.0%	3.0%	3.0%	3.0%
Dues Rebate Pool (if any)*	**$1,033,021**	**$2,169,345**	**$3,417,131**	**$4,785,140**	**$6,282,775**
Example of REBATE - Portland, OR	**2024**	**2025**	**2026**	**2027**	**2028**
Dues - Proposed Structure - High Growth Scenario	$803,044	$859,257	$919,405	$983,763	$1,052,626
Portland Dues as a % of Total Dues Paid	2.91%	2.91%	2.91%	2.91%	2.91%
Portland Dues - REBATE	**$30,020**	**$63,043**	**$99,304**	**$139,060**	**$182,582**

Bracket Ranges		Dues Percentage
$0	$750,000,000	0.37%
$750,000,001	$875,000,000	0.01%
$875,000,001	$1,000,000,000	0.01%

Equity Ratio - REVISED (Dues Percentage of Lowest Earned Revenue Goodwill to Dues Percentage Highest Earned Revenue Goodwill)					
Proposal L UNDER LOW (3%) GROWTH:	1.0	1.0	1.0	1.0	1.0
Proposal L UNDER HIGH (7%) GROWTH	1.0	1.0	1.0	1.0	1.0
EXISTING STRUCTURE UNDER LOW (3%) GROWTH	18.0	18.0	18.0	18.0	18.0
EXISTING STRUCTURE UNDER HIGH (7%) GROWTH	18.7	19.4	20.1	20.9	21.7

PROJECTED CHANGE IN TOTAL DUES - 7.925% Growth in 2023	**2024**	**2025**	**2026**	**2027**	**2028**
3% Growth 2024 - 2028	$89,665	$92,355	$95,126	$97,979	$100,919
7% Growth 2024 - 2028	$892,388	$1,788,348	$2,784,023	$3,894,090	$5,116,274
ZERO Growth 2024 - 2028	-$501,661	-$1,096,693	-$1,693,624	-$2,294,355	-$2,901,845
NEGATIVE 2% Growth 2024 - 2028	-$890,296	-$1,837,540	-$2,760,188	-$3,666,132	-$4,548,787
PROJECTED CHANGE IN TOTAL DUES - ZERO Growth in 2023	**2024**	**2025**	**2026**	**2027**	**2028**
3% Growth 2024 - 2028	-$1,377,908	-$1,419,245	-$1,461,822	-$1,505,677	-$1,550,847
7% Growth 2024 - 2028	-$669,067	$90,944	$945,211	$1,895,602	$2,951,767
ZERO Growth 2024 – 2028	-$1,891,595	-$2,451,215	-$3,019,063	-$3,594,413	-$4,172,308
NEGATIVE 2% Growth 2024 - 2028	-$2,228,152	-$3,102,072	-$3,954,569	-$4,789,062	-$5,596,435