

## **Proposal N (Revised)**

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 commercial services facility-based revenue 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 reported E/R of 105.

### **Proposal Summary**

- Revenue Brackets remain the same as currently defined – allowing for growth while at the same time capping dues for the largest organizations
- Earned income excludes facility-based Commercial Services contracts
- Contribution percentages are leveled for all earned revenue brackets
- Dues revenue to GII will fluctuate in relation to any CPI related increase to the revenue brackets

### **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 relatively revenue neutral for GII at low growth assumptions, this proposal levels the contribution percentage and continues recognition of the beneficial revenue cap for the larger Goodwill organizations.

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 dues burden of the smaller Goodwill organizations which will allow them more capital to invest in their territories.

If this proposal is implemented, the largest revenue Goodwill organization will pay .07% of their earned revenue and lowest revenue Goodwill organization will pay .56% of their earned revenue.

Proposal Comparison Based on 2023 Estimates

Earned Revenue Brackets		Count of Goodwills	% of Membership	Current Dues %	Proposed Dues %	Current Dues	Current % of Total	Proposed Dues	Proposed % of Total
\$0	\$10,642,294	18	11.6%	1.0%	0.56%	\$1,314,253	5.13%	\$720,924	2.81%
\$10,642,295	\$21,284,588	34	21.9%	0.5%	0.56%	\$4,374,687	17.07%	\$2,888,824	11.25%
\$21,284,589	\$42,569,176	103	66.5%	0.2%	0.56%	\$19,942,786	77.81%	\$22,068,517	85.94%

For detailed calculations see *Dues Projection Tool*

Bracket Ranges		Dues Percentage
\$0	\$10,642,294	0.5625%
\$10,642,295	\$21,284,588	0.5630%
\$21,284,589	\$42,569,176	0.5630%

Equity Ratio - REVISED (Dues Percentage of Lowest Earned Revenue Goodwill to Dues Percentage Highest Earned Revenue Goodwill)					
Proposal N UNDER LOW (3%) GROWTH:	8.5	8.5	8.5	8.5	8.5
Proposal N UNDER HIGH (7%) GROWTH	8.9	9.2	9.6	9.9	10.3
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	\$16	\$17	\$17	\$18	\$18
7% Growth 2024 - 2028	\$157,276	\$329,557	\$509,940	\$698,792	\$910,023
ZERO Growth 2024 - 2028	-\$119,010	-\$240,651	-\$364,679	-\$495,503	-\$632,753
NEGATIVE 2% Growth 2024 - 2028	-\$197,486	-\$394,671	-\$602,316	-\$831,659	-\$1,080,539
PROJECTED CHANGE IN TOTAL DUES - ZERO Growth in 2023	2024	2025	2026	2027	2028
3% Growth 2024 - 2028	-\$297,543	-\$306,469	-\$315,663	-\$325,133	-\$334,887
7% Growth 2024 - 2028	-\$152,243	-\$253	\$166,552	\$349,313	\$540,687
ZERO Growth 2024 - 2028	-\$406,607	-\$531,584	-\$667,638	-\$812,287	-\$971,174
NEGATIVE 2% Growth 2024 - 2028	-\$481,733	-\$692,987	-\$921,806	-\$1,157,392	-\$1,414,560