

PROPOSAL 3

PART 3: MEMBERSHIP DUES INCREASE

Proposal Statement

THAT the Girl Scout annual membership dues be raised to \$12, effective with the 2010 membership year, beginning October 1, 2009.

Submitted by: National Board of Directors of Girl Scouts of the USA

Background: Membership dues annually provide the single largest source of revenue to Girl Scouts of the USA; in 2007, 63 percent of the national organization's general operating income came from this revenue source. Membership dues are supplemented by income earned from sales through Girl Scout Merchandise, payout of investment earnings by the Capital Fund, and unrestricted gifts.

The last increase in membership dues approved by the National Council went into effect in October 2003 and raised the dues to the current \$10 level. This increase restored financial stability following the recording of operating deficits in fiscal 2001 and 2002. Over the past 40 years, the National Council has approved dues increases approximately every six years. (See Table I.)

TABLE I

Membership Dues History

Historical Timetable of Membership Dues Changes

National Council Meeting Date	Amount	Effective Date	Time from last dues change	% of dues change
1915	\$0.25	Instituted		
1921	\$0.50		6 years	100%
1947	\$1.00		26 years	100%
1969	\$2.00	September 1971	22 years	100%
1978	\$3.00	September 1979	8 years	50%
1984	\$4.00	October 1986	7 years	33%
1990	\$6.00	October 1992	6 years	50%
1996	\$7.00	October 1997	5 years	17%
2002	\$10.00	October 2003	6 years	43%

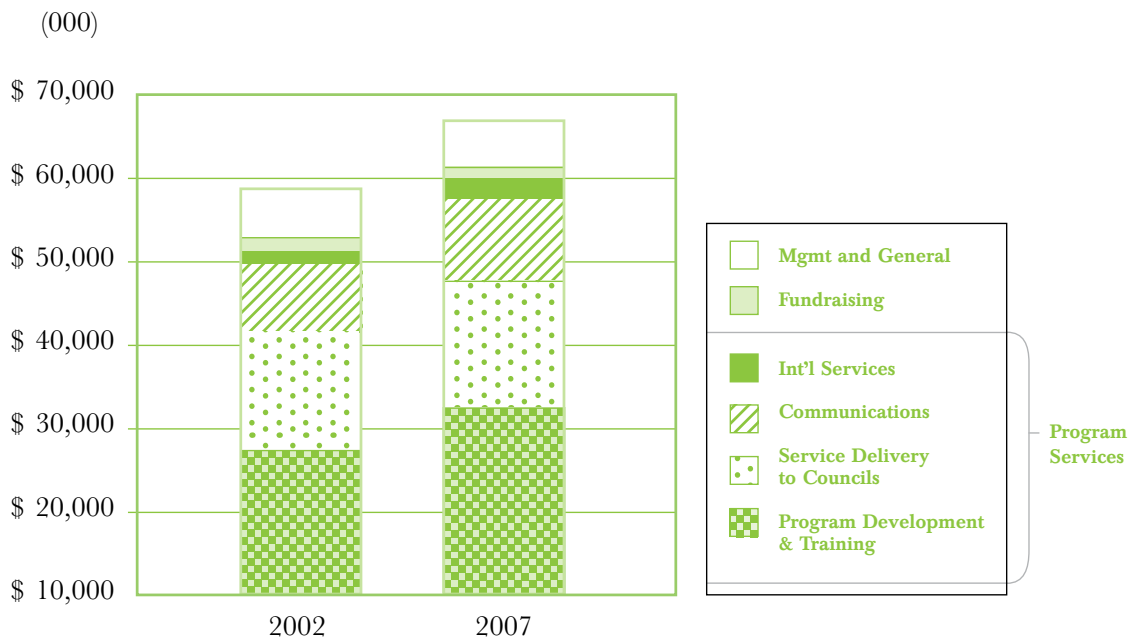
Proposal Dues Increase

2008	\$12.00	October 2009	6 years	20%
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GSUSA is fiscally prudent and over the years has had excellent financial results. Since the last triennial session in 2005, our work—and therefore the financial standing of the national organization—has been driven by a new Core Business Strategy, which was developed to ensure that our Movement is ever more adaptive, innovative, and girl-centered. With the defining of our comprehensive strategy and the creation of a road map to implement it, GSUSA has focused resources on services and initiatives designed to create value to the Movement. Fully 90 percent of GSUSA's total expenses are expended on program services, and only 10 percent on management and general expenses and fundraising. (See Table II.)

TABLE II Program vs Supporting Services Expenses (all funds)



- Expenses have increased from \$58.5 million in 2002 to \$67.3 million in 2007.
- In 2002, Program Services were 88% of expense vs 90% in 2007

Program-related expenses consume a growing portion of the operating budget. Together, management and general and fundraising currently are no more than 10 percent of GSUSA expense. In 2007, expenses for international activities included participation in the ten-million-member World Association of Girl Guides and Girl Scouts and support provided to USA Girl Scout members residing in countries around the globe. Marketing and communications services included completion of a brand assessment and a strategy for reaching target audiences. Service delivery to local councils included GSUSA's strong support of the realignment of 312 councils into 109 high-capacity councils and development of the Council Enterprise System, a comprehensive membership relationship management system. Program and volunteer development included the release of *Exploring Girls' Leadership*, a Girl Scout Research Institute

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research review; creation of the new Girl Scout Leadership Experience, including development of the *Change Your World Leadership Journeys* for girls and accompanying facilitator guides; and development of the Single-Entry Volunteer Development System, a flexible, state-of-the art volunteer management system.

As part of the Core Business Strategy, GSUSA developed a new design for the national staff structure to align with the strategic direction of the organization. One result is a smaller national staff. Today, the national staff count stands at 432, a reduction of 63 positions since 2005, and over 100 positions since 2002. Management units have been restructured and the total budget aligned in support of the strategic priorities.

GSUSA's general operating budget is developed annually and contains projected operating revenue and the expense associated with initiatives and activities that further the long-term strategic priorities of the organization. There is significant uncertainty in the general economic environment. Economic growth in the U.S. and global economies is slowing, and economic forecasts include the possibility of a recession. Investment markets have been hurt by oil prices and the weak dollar. Our GSUSA financial projection presupposes that there will be no major changes in economic conditions as they currently exist or in the level or services provided by the national organization. Beginning in fiscal 2008, GSUSA's financial projections indicate that operating expense will exceed revenue and deficits will be incurred. Currently, GSUSA has reserves equal to about one year's operating budget. Without a dues increase, it may be expected that GSUSA's financial standing will be diminished.

GSUSA's primary role is to work in partnership with our Girl Scout councils to make the Girl Scout mission a reality for girls in communities throughout the United States. In recent years, GSUSA has leveraged fundraising efforts to secure grants to the national organization that are passed through as direct funding to Girl Scout councils. Government, corporate, and foundation funding for Girl Scout initiatives made it possible for GSUSA to award grants to councils for projects and activities that expanded and enriched program offerings, extended membership outreach, and piloted technology initiatives. Additionally, grants were made available to councils and the membership from GSUSA operating resources and special funds. In the period since 2002, GSUSA has made grants to councils and provided scholarship awards to girls and adults from external and internal sources totaling nearly \$32 million.

The amount of increase proposed is being limited to the minimum amount required to fund operations in the near term. A \$2 dues increase will generate about \$7 million annually and help ensure that GSUSA has sufficient funding to continue to provide significant human and material resources—not just more but higher quality services and resources. Girl Scouts is undergoing an unprecedented transformation as it approaches its 100th anniversary. The goal is to become a stronger, more innovative Girl Scout Movement that delivers on its commitment to meet the needs, interests, and challenges of girls today and in generations to come.

It is recognized that council budgets help support membership financial aid programs, and an increase in dues could make it more difficult for some girls to become members. The national organization is committed to partnering with councils to extend membership through the seeking of outside funding and the provision of grant funds to councils as our resources may permit. To that end, 30 councils benefited from a membership grant fund in the amount of \$1.5 million established in 2008. In addition, plans have been set in motion to pursue a \$35 million endowment, which would enable the organization to institute the permanent underwriting of membership dues for girls who cannot afford the annual fee. Called the Centennial Endowment, the fund will be a key part of Girl Scouts' 100th anniversary celebration.

Recommendation: The National Board of Directors recommends adoption of Proposal 3.