

MACC Alliance of Connected Communities
414 South Eighth Street
Minneapolis, MN 55404
612-302-3432

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Press Contacts:

Jan Berry, MACC President, 612-791-2635

Stan Birnbaum, MACC Commonwealth President, 612-341-1630

Deb Garvey, Garvey Communications: 952.949.9770 / 952.200.9403

MACC CommonWealth, an innovative model for non-profit sector efficiency, yields excellent first year results

(MINNEAPOLIS) — MACC CommonWealth, a new innovative model for administrative efficiency in the Twin Cities' non-profit sector, is significantly reducing the cost of the delivery of human services in the Twin Cities. Stan Birnbaum, MACC Commonwealth President, reports that in its first year of operation which ended December 31, 2007, the Commonwealth was able to save approximately \$200,000 for its five member agencies. "What does that savings mean for our communities? It means that our member agencies were able to serve more than 1,000 additional clients," he said. "What's really exciting is that this is not one time annual savings. Our model ensures that this level of efficiency will continue in successive years"

Launched on January 1, 2007 as a joint venture among five of the Twin Cities' leading human service providers—Family & Children's Service, MACC Alliance of Connected Communities, Phyllis Wheatley Community Center, Pillsbury United Communities and Plymouth Christian Youth Center—MACC Commonwealth LLC is a completely new concept in non-profit administration and management. It is owned and operated by its members and managed in an environment of high transparency, long-term commitment and interdependency. Working in collaboration, they strive to build efficiencies while improving quality in the areas of staffing, scale, cost and risk.

Two additional agencies—LDA of Minnesota and Neighborhood House—joined the Commonwealth in January 2008. The Commonwealth currently has 20 employees, with over two centuries of combined expertise in the areas of finance, human resources and information technology. Combined, its seven member organizations have a \$35 million budget and 550 employees. Resources used to provide services to member agencies are owned by the LLC (Limited Liability Corporation). Agencies are charged for services according to the proportion of resources they utilize.

LLC staff members are accountable to the Board of Governors. Each member organization has two seats on the Board of Governors.

“It has taken a huge multi-year commitment on the part of our member agencies to develop and participate in the CommonWealth. Now we are beginning to reap the rewards. We’ve simultaneously reduced costs and dramatically improved our infrastructure,” said Jan Berry, President of MACC Alliance of Connected Communities (MACC), the organization responsible for recognizing the need for a new non-profit administration and management model, developing a vision and bringing it to fruition. The following list identifies some of the “rewards” CommonWealth members are now enjoying:

- Reduced costs for employee benefits
- Reduced costs for telecommunications services
- Reduced costs for desktop computing
- Reduced capital costs for technology
- Reduced operating risk
- Improved financial oversight and reporting
- Improved workers’ compensation and life insurance benefits
- In-house, rather than contracted, financial services in the areas of audits and payroll processing
- State-of-the-art technology, including Thin Client computers, Server Virtualization Technology, and Desktop Virtualization Technology

According to Jodi Sandfort, an associate professor who teaches public and nonprofit management at the University of Minnesota’s Humphrey Institute, “MACC and its CommonWealth initiative are charting new territory that has the potential to transform human services delivery. Through deep strategic collaboration across multiple agencies, they are exponentially increasing the potential of each agency to deliver services to more people, more effectively and with greater efficiency,” she said.

MACC: Alliance for Connected Communities is a model for the development of new thinking and mutually productive initiatives within the Twin Cities’ nonprofit sector. Its member network includes more than 20 powerful, community-based human service organizations serving 350,000 low income and immigrant residents at more than 80 sites throughout the Twin Cities. More information, including the 2008 MACC Report on Communities, can be found at www.maccalliance.org Further details on the CommonWealth can be found at www.mcwmn.org