How nonprofits hope to save money by joining forces

By Matthew Stolle mstolle@postbulletin.com  May 10, 2018

A group of Rochester area nonprofits have hired a strategist to help map out the first steps in developing a consortium that would help the nonprofit sector work more efficiently.

The group, called the Rochester Area Nonprofit Consortium, has hired Brooke Carlson to provide guidance and move the cooperative forward.
A meeting is set for early June where nonprofit leaders are expected to discuss areas of potential collaboration in health insurance, human resources, bookkeeping, joint purchasing, shared physical space and technology.

By sharing the costs of such functions, the thinking goes, groups could focus more of their time and resources on mission-oriented goals.

“We’re trying to identify where there’s some real opportunities and momentum in the community to actually make some progress,” said Carlson, who is president of Rochester-based North Sky Health Consulting.

These are challenging times for nonprofits. Many, particularly in the health and human services sector, are seeing growing demand for services even as funding has flattened or declined. One consequence is that nonprofits struggle to hire and retain staff and to compete with the for-profit sector for talent.

Leaders warn that some nonprofits may be forced to close their doors if the current environment persists.

“It makes it more difficult for us to provide competitive wages and competitive benefits,” said Scott Maloney, executive director of Family Services Rochester, a nonprofit that provides child welfare, family stability and mental health counseling. “It’s not very appealing these days to get offered a job that doesn’t provide health insurance.”

There are hundreds of nonprofit groups in the Rochester area, each with their own missions and needs. Some, such as the Diversity Council, Channel One food shelf, Families First Minnesota and Family Services Rochester, deliver similar services and serve similar populations.

But there are scores of others — children’s museums, orchestras, parent-teacher-student groups, art galleries — that have very different functions. Those too could benefit from being part of a consortium, Maloney said.

“One of our next steps is, how do we communicate and disseminate this information and broaden this effort to be inclusive of others,” Maloney said.
A forum held last year to discuss forming a consortium drew about 50 nonprofit groups. In the coming months, efforts will be focused on determining those areas where nonprofits might work together.


Carlson’s hiring was made possible by a $50,000 grant from the Otto Bremer Trust. The goal, Carlson said, is to create a work plan by February that identifies top priorities and describes a path for how they might be achieved. That’s also when her funding runs out.

“We’re hoping to have one easy win or victory by February for one specific area,” Carlson said.

One area where nonprofits might work together, leaders say, is in creating pooled health insurance that would create lower, more stable costs for employees.

It might not be necessary to build such programs from scratch. Leaders note that similar efforts are taking place statewide and nationally, and one possibility would be to latch onto an existing insurance program.

“There already has been a lot of lessons learned about what works and what doesn’t,” Carlson said. “(My goal) is to make some recommendations for this community based on what our unique factors are.”

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