

MTNA Local Affiliate Programs and Services

Multiple Benefits for Affiliates

- Leadership Training and Resources
- Membership Dues Billing and Collecting
- General Liability Event Insurance
- ASCAP Performance Licensing Fees
- Foundation Affiliate Grants
- 501(c)(3) Group Exemption

But, there is one benefit to affiliates, and ultimately to the members, that is rarely considered or even known—and it may just be the most valuable:

The Economy of Scale

Economy of Scale

The cost advantage that organizations obtain due to size.

- Fixed costs are shared by a larger group
- Operating efficiency is greater with increased scale

- MTNA is a large, international association made up of over 500 state and local affiliates and 17,178 members (6/30/2022).
- MTNA's size provides cost advantages.
- MTNA provides the most expensive and time-intensive operational aspects necessary to function as a state or local association **at no cost** to our affiliates.

Since the scale of operation of state and local affiliates is so much smaller

- State and local dues would have to be substantially increased to offset these costs.
- A larger volunteer workforce would be necessary to do all of the additional work.
- Some states and locals may need to hire staff.

For MTNA affiliates and members, there is a national association that, through the “Economy of Scale,” is able to provide these services

- More Efficiently
- More Effectively
- More Economically

The Icing on the Cake?

There is no cost to the state and local affiliates for MTNA to provide these services.

Four examples of the negative financial impact to the state and local affiliates and, by extension, to the individual members, if there was no national association.

General Liability Insurance

NO GENERAL LIABILITY INSURANCE = NO EVENTS

How much does Liability Insurance cost for a nonprofit?

“No matter how the coverage is rated, it is important to get quotations for at least **\$1,000,000** each occurrence and **\$2,000,000** policy aggregate. Higher limits may be available and affordable, and you should ask your agent to explore this. General liability costs begin around **\$450 - \$700**, depending on the organization.”

(from [Insurance basics for nonprofit organizations - Association of Leaders ...](https://www.volunteeralive.org/cm/123_Insurancebasicsfornonprofitorganizations.pdf)

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“Nonprofit organizations pay a median premium of **about \$45 per month**, or \$500 per year, for [general liability insurance](#). This policy provides financial protection for third-party bodily injuries and property damage, along with advertising injuries.”

“Most nonprofit organizations (96%) choose general liability policies with a \$1 million per-occurrence limit and a \$2 million aggregate limit.”

(from <https://www.insureon.com/nonprofit-business-insurance/cost>)

How can MTNA affiliates get General Liability Insurance?

1. Affiliates purchase it individually, or
2. It's provided for them

Affiliates Purchase General Liability Insurance Individually

- MTNA Affiliates = 500 state and locals
- Estimated average cost per affiliate = \$500/yr.
- Estimated cost to all MTNA affiliates = **\$250,000/yr.**
- Who pays? MTNA members

MTNA Provides General Liability Insurance for All Affiliates

- Cost to MTNA = **\$13,945** (FY 2022)
- Cost to MTNA Affiliates = **\$0**

Music Performance Licensing Fees

**No Performance Licensing Fee = No
Performance of Copyrighted Music**

Typical Music Licensing Fees

“On average, the annual license fee can range from **\$300** to **\$500** for a small business. For very large establishments, these fees can be as much as **\$9,000** per location per year.”

(from [Public Performance Licenses and Music for Your Small Business www.create-legal.com/.../public-performance-licenses-and-music-for-your-small-business](http://www.create-legal.com/.../public-performance-licenses-and-music-for-your-small-business))

Affiliates Pay Music Performance Licensing Fees Individually

- MTNA Affiliates = 500 state and locals
- Estimated average cost per affiliate = \$400/yr.
- Estimated cost to all MTNA affiliates = **\$200,000/yr.**

MTNA Pays Music Performance Licensing Fees for All Affiliates

- Cost to MTNA = **\$8,202** (FY 2022)
- Cost to MTNA Affiliates = **\$0**

Membership Dues Processing and Renewals

- Cost for MTNA to renew memberships for all affiliates: **\$62,725**
- Estimated cost for all 500 Affiliates to renew memberships: **\$62,725**
- Actual Cost to MTNA Affiliates: **\$0**

Credit Card Fees Paid for State and Local Dues Collection

- Cost for MTNA to pay credit card processing fees for all Affiliates: **\$34,000/yr**
- Cost for 500 Affiliates to pay credit card processing fees: **\$34,000/yr**
- Actual Cost to MTNA Affiliates: **\$0**

Estimated Additional Annual “Hard” Costs to State and Local Affiliates without MTNA:

- Liability Insurance: \$250,000
 - Music Licensing: 200,000
 - Member Renewals: 62,725
 - Credit Card Fees: 34,000
- \$546,725**

Additional Annual “Hard” Costs to State and Local Affiliates with MTNA:

- Liability Insurance: \$0
 - Music Licensing: 0
 - Member Renewals: 0
 - Credit Card Fees: 0
- \$0**

Actual Annual “Hard” Costs to MTNA:

- Liability Insurance: \$13,945
 - Music Licensing: \$ 8,202
 - Member Renewals: \$67,725
 - Credit Card Fees: \$34,000
- \$118,872**

Summary

- The cost for State and Local Affiliates to provide just four required services individually: **\$546,725**
- This cost is in addition to what they are paying now.
- The cost for MTNA to provide the same four required services for our State and Local Affiliates: **\$118,872**
- This cost is already built-in to current membership dues.

Bottom Line

- The benefits of having and belonging to a national association like MTNA are substantial and irreplaceable.
- If there wasn't a national association, one would likely be created as soon as possible, if for no other reason than to take advantage of the ECONOMY OF SCALE.