Pursuing an Anchor Institution Mission

Presentation for the Anton Lippitt Urban Conference

Brown University, Providence, Rhode Island

October 27, 2011

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About the Democracy Collabora

- Established in 2000 to advance a new understanding of democracy for the 21st century and to promote innovations in community development that enhance democratic life.
- Conduct research, training, policy development, and community-focused work designed to promote an asset-based paradigm and increase support for the field.
- Maintain **community-wealth.org** information portal.
- **Current flagship project: Evergreen Cooperative Initiative** in Cleveland, Ohio, a comprehensive wealth building effort in six low-income neighborhoods.

What is an Anchor Institution?

- "Sticky capital" that doesn't get up and leave
- Typically among the largest employers in most major metropolitan areas
- Local economic engines: employ large numbers of people; purchase large amounts of goods & services
- Vested interest in surrounding communities
- Typically public or non-profit

Higher Education Anchors

- 4,000+ colleges & universities
- $400 billion a year in economic activity
- $346 billion in endowment investments (NACUBO, FY10)
- 3 million employees
- 18 million students

Urban universities are spending up to a quarter of a trillion on salaries, goods and services, which is more than 20 times what the federal government spends in cities on jobs and economic development.

(David Perry, UIC (Chicago) and David Cox, University of Memphis, 2009)

Taking it to the Next Level: Developing an Anchor Institution Mission

Mission: To consciously apply the long-term, place-based economic power of the institution, in combination with its human and intellectual resources, to better the long-term welfare of the communities in which they reside.

Why Is an Anchor Mission Important?
Answer 1: Growing Poverty

% of Children Living in Poverty
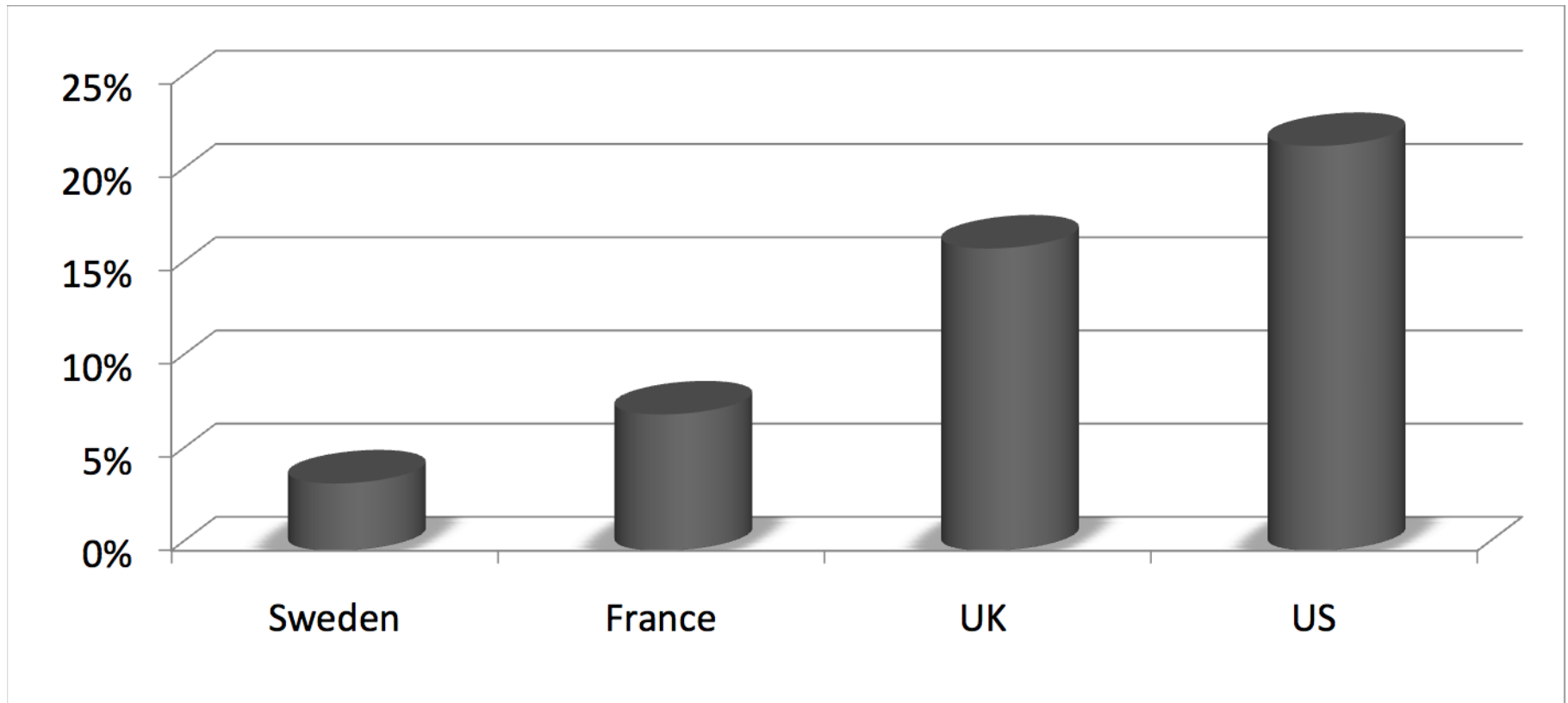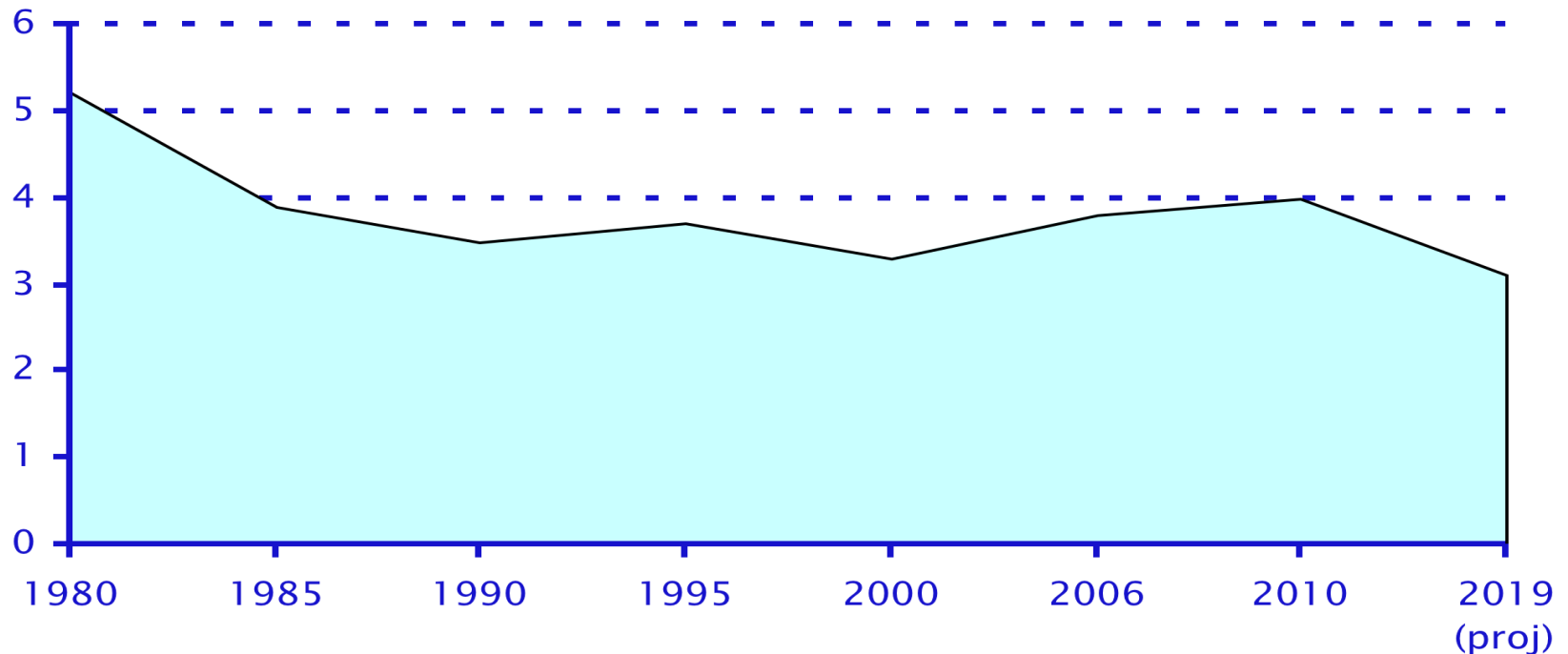

% of Children Living in Poverty. Child Poverty in Perspective, Innocenti
Report Card. Report Card 7. UNICEF. http://tinyurl.com/3l3cz7a

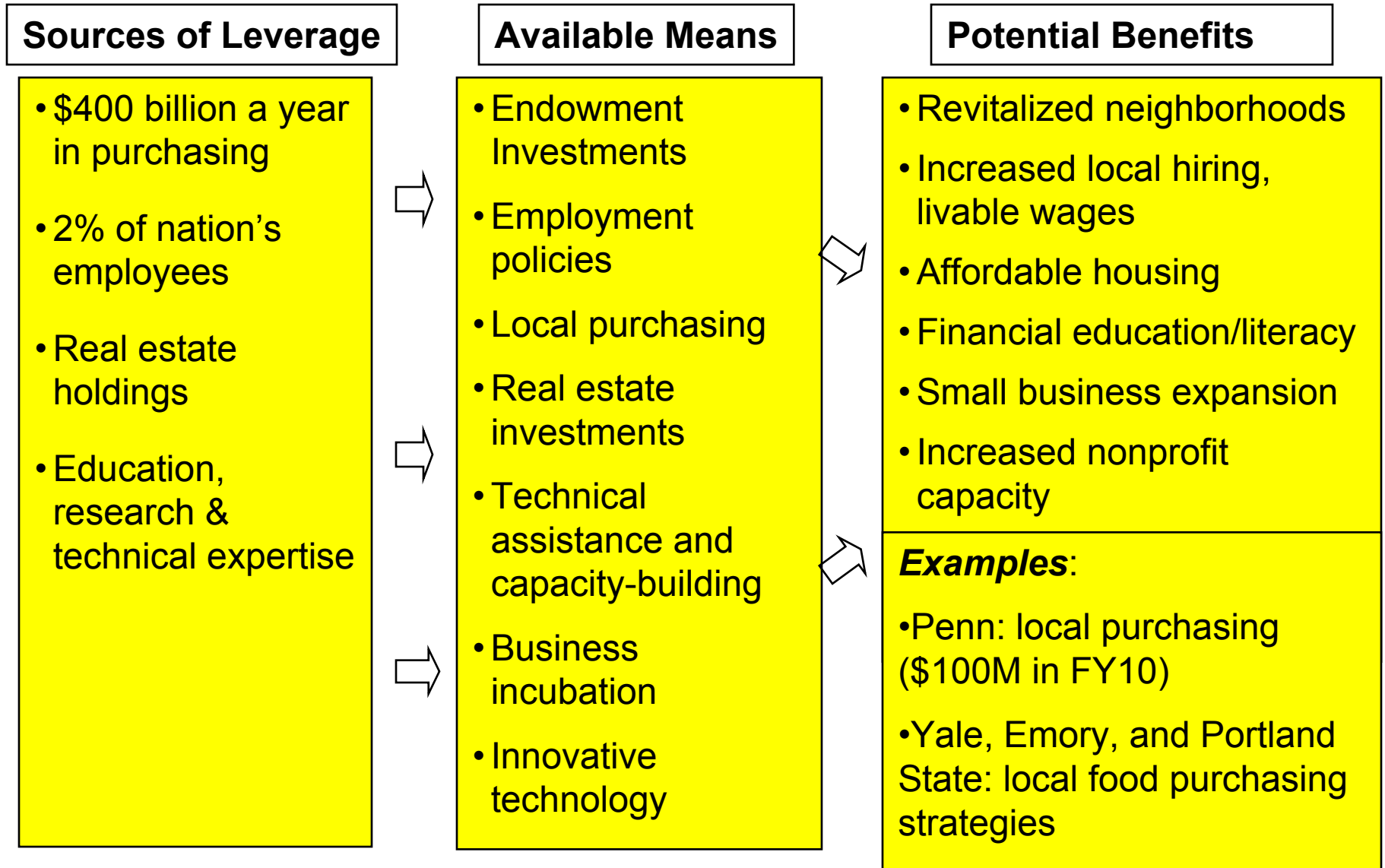# Why is an Anchor Mission Important?
Answer 2: Declining Government Resources

Domestic Discretionary Spending
(percent of GDP)

Source: OMB, Historical Tables

Leveraging Anchor Resources for Community Benefit

Sources of Leverage	Available Means	Potential Benefits
• $400 billion a year in purchasing • 2% of nation's employees • Real estate holdings • Education, research & technical expertise	• Endowment Investments • Employment policies • Local purchasing • Real estate investments • Technical assistance and capacity-building • Business incubation • Innovative technology	• Revitalized neighborhoods • Increased local hiring, livable wages • Affordable housing • Financial education/literacy • Small business expansion • Increased nonprofit capacity ***Examples*:** • Penn: local purchasing ($100M in FY10) • Yale, Emory, and Portland State: local food purchasing strategies

Drivers of Anchor Strategies; Why an Anchor Movement Now?

- University intellectual support for engaged scholarship

- Growing social service and infrastructure gaps

- Increased economic importance of eds and meds

- Change in federal policy and shifts in funding of federal education

Basic Principles

- Identify the university's "anchor institution mission" and develop a strategy to realize that mission.

- Institutionalize high level administrative commitment.

- Employ the university's resources fully and consciously – human, academic, cultural, and especially economic.

Two Key Challenges

- Avoiding the common outcome of improving the quality of life in targeted neighborhoods, but *without* improving the welfare of long-term residents.

- Failing to maintain an appropriate *balance* between economic development programs (tech transfer, cluster development, etc.) and low-income **community** economic development and partnership work.

Federal Policy Exacerbates the Problem

Mind the gap!

Federal financing for universities (FY10)

National Science Foundation $6.53 billion
National Institutes of Health $24.99 billion
USDA "land grant" programs $1.36 billion
HUD Office of University Partnerships $25 million

Note: In FY 2011, NSF & NIH received 1% cuts, but land grant got a 9% cut and HUD's program was "zeroed out."

Steps Universities Can Take

- Reward public scholarship and community-engaged research.

- Build mutually respectful partnerships with community groups.

- Learn from "best practices," from each other.

- Link university hiring, real estate, purchasing and investment to community partnership goals.

- Develop multi-anchor institutional coalitions to increase impact.

- Leverage institutional purchasing power to support jobs for those **without** high school or college degrees.

Steps Business Officers & Sustainability Directors Can Take

- Engage in joint planning.

- Focus investments in targeted area(s).

- Establish robust purchasing and contracting goals and compensate staff on performance.

- Mentor local vendors to help become "first tier" suppliers on large contracts.

- Reach out to local and minority vendors; host "reverse trade shows."

- Leverage results by working with other anchor institutions.

"Each year we have set goals institutionally. Our sourcing managers, in part, are compensated by how well they do."

--Ralph Maier, former Director of Penn Purchasing

Steps University Finance Officers Can Take: Leveraging Endowments for Community Benefit

University	City	Use of Endowment	Amount
Clark	Worcester, MA	Education/Community building	$7M
Duke	Durham, NC	Latino credit union finance	$5M
Harvard	Cambridge, MA	Affordable housing loan fund	$20M
Ohio State	Columbus, OH	Mixed-use development	$28M
Trinity	Hartford, CT	Education/Community building	$5.9M
U. of Cincinnati	Cincinnati, OH	Mixed use development	$148.6M

Ways to Leverage Anchor Purchasing
(Democracy Collaborative interviews: Cleveland, Ohio)

- Shuttle service to reduce driving
- Environmentally friendly industrial-scale laundry service
- Environmentally friendly energy & facility upgrade business
- Green friendly practices in food service (recycled cutlery, etc.)
- Separating non-hazardous medical wastes for recycling
- Solar panel installation on rooftops
- Recycling service for confidential papers
- Deconstruction (reuse of materials for building construction)
- Locally grown organic produce that could be made available for sale in hospital & university cafeterias & restaurants
- Ecologically friendly landscaping business
- Tree farm
- Housekeeping service with non-toxic cleaning products

Launched in 2009-2011

1. Evergreen Cooperative Laundry (ECL)
2. Ohio Cooperative Solar (OCS)
3. Green City Growers Cooperative (GCGC)
4. GUC Neighborhood Voice

Secondary Cooperatives
1. Evergreen Business Services (EBS)

Planning & Development

Three to Four Next Generation Businesses in Pipeline (launch 2 per year); **goal in five years: 10 business, 500 employee-owners**

Ways to Scale Up Efforts

- **Match anchor resources to critical needs** (e.g., housing, sustainability, K-12 schools, etc.)
- **Create anchor-based economic development programs** that leverage universities' economic power for community benefit
- **Award prizes** to provide recognition for exemplary efforts
- Develop a **national consultative team** of faculty and staff from institutions that have been successful in their work *(development of the Anchor Institution Task Force is an important step in this process)*.

Why invest in the community?

"I believe that universities, by design, are in it for the long haul, and they have to take a long-term view of all their investments. This is particularly true at an urban institution."

Monica Rimai
former Chief Financial Officer
University of Cincinnati

(Source: Axelroth and Dubb, December 2010)

Resources

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