Working with Anchor Institutions to Build Community Wealth

Aspen Institute
Rooting Opportunity: Doing Economic Development Differently
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What are Anchor Institutions?

- “Sticky capital”
- Economic engine: employer and purchaser
- Vested interest in surrounding communities
- Typically nonprofit or public

Hospitals
Universities
Local Government
Utilities
Cultural Institutions (theaters, museums, zoos, etc.)
Faith-based Institutions
## “Eds and Meds” Economic Impact

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>9 million+</td>
</tr>
<tr>
<td>Annual Expenditures</td>
<td>$1 trillion+</td>
</tr>
<tr>
<td>Annual Procurement</td>
<td>$500 billion+</td>
</tr>
<tr>
<td>Investment Portfolios/Endowments</td>
<td>$750 billion+</td>
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</tbody>
</table>
### Why Colleges and Universities?

<table>
<thead>
<tr>
<th>SOURCES OF LEVERAGE</th>
<th>AVAILABLE MEANS</th>
<th>POTENTIAL BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$471 billion a year in purchasing</td>
<td>Endowment investments</td>
<td>Revitalized neighborhoods</td>
</tr>
<tr>
<td>$406 billion in endowments</td>
<td>Employment policies</td>
<td>Increased local hiring, livable wages</td>
</tr>
<tr>
<td>2% of nation’s employees</td>
<td>Local purchasing</td>
<td>Affordable housing</td>
</tr>
<tr>
<td>21 million enrolled students</td>
<td>Real estate investments</td>
<td>Financial education/ literacy</td>
</tr>
<tr>
<td>Vast real estate holdings</td>
<td>Technical assistance and capacity-building</td>
<td>Small business expansion</td>
</tr>
<tr>
<td>Education, research &amp; technical expertise</td>
<td>Business incubation</td>
<td>Increased nonprofit capacity</td>
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<td></td>
<td>Innovative technology</td>
<td>Improved safety</td>
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Anchor Institution Mission

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

-Hodges & Dubb, 2012
30-year Trajectory of Institutionalizing Penn’s Commitment to West Philadelphia/Philadelphia

Penn was historically in, not of, its community of West Philadelphia, but these Presidential Administrations changed the dynamic.

Sheldon Hackney, 1981 -1993

Judith Rodin, 1994 -2004

Amy Gutmann 2004-present
Economic Inclusion in West Philadelphia

- **Buy Local Program**
  - $101 million with local community suppliers in FY 12.
  - $85 million with diversity suppliers

- **Engage Minority Owned Vendors**
  - 25% of contracts to minority/women owned vendors on Campus Construction of $5 million or more

- **Skilled Workforce Development Plan**
  - West Phila Skills Initiative (2010)
University Hospitals (Cleveland)

- $2.5 billion gross revenue, second largest private employer in northeast Ohio
- Vision 2010 program: $1.2 billion in construction and procurement over 5 year period
- Voluntarily set goals for local spending, MBE, FBE; exceeded all
- Basis of new city CBA; created a new “normal” for acceptable business practice in Cleveland
- Also key stakeholder in Evergreen Cooperatives Initiative in Cleveland
Vision 2010

- Drove major transparent commitment to the community:
  - 92% spent regionally
  - 23% minority business inclusion
  - 7.3% female owned business inclusion
  - 15% Cleveland core city residents on projects
- Created new project labor agreement with construction trades which allowed model for inclusion, apprenticeships for inner city vocational high school students on the projects
- Taught UH the value of economic development as an owner
- Created impetus for local vendor development strategy
- Doubled UH in state/in region routine spending
Chicago Anchors for a Strong Economy (CASE)

- Launched by city and county governments in 2014 to connect anchor institutions to local businesses.
- Brings together anchor institutions and nonprofit orgs to collect data and coordinate local sourcing opportunities.
- Engages local community bank to work with existing local businesses to scale operations to meet anchor needs.
- Accomplishments in first year:
  - Graduated 100 small businesses
  - Estimated revenue increase of $800,000 per graduate
  - Estimated creation of 250 new full time jobs
  - Commitments from 11 anchor institutions
Partnership Values

- Openness and honesty
- Trust and mutual respect, including respect for community knowledge
- Shared vision and values
- Understand your limits: Focus on what you can do and do it well

ANCHOR

COMMUNITY
Principles to Make Partnerships Work

- Have a process for vetting community needs
- Have procedures for mid-course corrections
- Have ability to disengage if necessary
- Plans are good, but focus on execution
- Evaluate the quality and impact of the work
- Build on anchor strengths and expertise
- Line up adequate human and financial resources
- Don’t go it alone
- Be clear what all partners bring to the table
- Communicate internally and externally
Lessons Learned for Anchor Partners

- Form democratic, mutually beneficial, mutually respectful partnerships.
- Secure support from leadership and integrate mission across institution.
- Link anchor hiring, real estate, purchasing, and investment strategies to community partnership goals.
- Identify common planning opportunities among anchors, community groups, businesses, and government.
- Develop strategic, multi-anchor, cross-sector coalitions.
- Learn from “best practices,” from each other and from national networks.
- Communicate, clearly define responsibilities, and assess outcomes.
- Respond with urgency, but be focused and patient—changing institutional culture and revitalizing communities takes time and ongoing work.
- Don’t allow perfect to become the enemy of good!