Redefining RustBelt: The Role of Anchor Institutions and the Arts

December 10, 2013

Organized by the Federal Reserve Bank of Richmond

The Connecting Communities® audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.
Thank you to everyone for joining this session.

For today:

• This call is being recorded.

• An archived recording of this session will be available on the Connecting Communities® web site shortly after the session has taken place: www.stlouisfed.org/connectingcommunities/

• We will be taking questions via email during this session. Please direct your questions to communities@stls.frb.org. These questions may be part of the recorded archive for this session.

• In connection with this session, several of our Reserve Bank offices have posted links to a variety of additional resources on this topic. We encourage you to browse through this list and to contact your regional office if you would like additional information on any of these items.
Legal Notices and Disclaimer

The information, analyses, and conclusions set forth are those of the presenters and do not necessarily indicate concurrence by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks, or members of their staffs.
Community Affairs programs at the Federal Reserve Board and the 12 Federal Reserve Banks support economic growth by promoting community development and fair access to credit.

Community affairs offices at the Board and Reserve Banks engage in a wide variety of activities to help financial institutions, community-based organizations, government entities, and the public understand and address financial services issues that affect low- and moderate-income people and geographic regions.
Community Affairs (continued)

• Each office responds to local needs in its district and establishes its own programs to:
  – Foster depository institutions’ active engagement in providing credit and other banking services to their entire communities, particularly traditionally underserved markets
  – Encourage mutually beneficial cooperation among community organizations, government agencies, financial institutions, and other community development practitioners
  – Develop greater public awareness of the benefits and risks of financial products and of the rights and responsibilities that derive from community investment and fair lending regulations
  – Promote among policy makers, community leaders, and private-sector decision makers a better understanding of the practices, processes, and resources that result in successful community development programs
Today’s Presenters and Agenda

• **Ted Howard**, *Executive Director*, The Democracy Collaborative

• **Ellen Janes**, *Senior Manager*, Federal Reserve Bank of Richmond

• **Mary Helen Petrus**, *Manager, Community Affairs*, Federal Reserve Bank of Cleveland

• **Amy Lempert**, *Community Development Advisor and Outreach Coordinator*, Federal Reserve Bank of Philadelphia

• **Robin Newberger**, *ER Senior Business Economist*, Federal Reserve Bank of Chicago

• The following will be discussed:
  – The Anchor Dashboard Presentation of Findings
The Anchor Dashboard
Presentation of Findings

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The Anchor Dashboard
Presentation of Findings

Ted Howard, Executive Director
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Presentation to the
Redefining Rustbelt Cities Videoconference
Federal Reserve Banks of Cleveland, Chicago, Philadelphia and Richmond

December 10, 2013
About the Democracy Collaborative

Mission: Promote innovations in Community Wealth Building that stabilize neighborhoods, create jobs, anchor capital and enhance local democratic life.

– Research
– Advisory
– Field Building
HOSPITALS BUILDING HEALTHIER COMMUNITIES
Embracing the anchor mission

By David Zuckerman

The American Hospital Association's Center for Health Innovation, Policy, and Implementation

The American Hospital Association and the University of Maryland School of Public Health


RAISING STUDENT VOICES
Student Action for University Community Investment

THE ANCHOR MISSION DEVELOPING THE PROCESS AND APPROACH INSTITUTIONS TO BUILD COMMUNITY HEALTH

Sponsored by the Federal Reserve System

COMMUNITY-WEALTH.ORG

DC the democracy collaborative

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What Is Community Wealth Building?

A new approach to community development that creates economic prosperity by democratizing wealth and ownership. Key facets of this approach include:

• promote broader ownership of capital
• anchor jobs locally
• stop the leakage of dollars from communities
• support individual and family asset/wealth building
• reinforce stewardship
• generate revenues to finance public services
• enhance local economic stability
  – leverage anchor institutions for community benefit
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
- Increasingly concerned with sustainability
- Typically public or non-profit “social mission”
- Largely untapped potential (e.g., more than $1 Trillion in annual expenditures)
Types of Anchor Institutions

• Universities
• Hospitals
• Local Governments
• Museums
• Performing Arts Centers
• Libraries
• Sports teams
• Other Cultural Institutions (theaters, zoos, etc.)
• Churches/Mosques/Temples/Synagogues
Economic Dimension of “Eds & Meds”

• Annual Expenditures:
  – Hospitals: $700 billion
  – Universities: $460 billion
  – More than $1 trillion; 6 percent of GDP

• Endowments:
  – Hospitals: $400 billion
  – Universities: $300 billion
Benefits of Local Procurement

Local Procurement benefit to anchors:
- Better vendor servicing/better access to critical goods and services in crisis situation/decrease carbon footprint/lower costs

Local Procurement benefit to community:
- Increasing local employment/stabilizing neighborhoods

Building a network of inter-connected vendors, purchasers, financial institutions, training and higher education
What Do We Mean by the “Anchor 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, and in particular low- and moderate-income neighborhoods.
Why an Anchor Dashboard?

• Growing recognition that community economic development is part and parcel of what anchor institutions do

• But how do we know these initiatives are working? Are they producing outcomes that meet the needs of low-income families and neighborhoods?

• **Needed:** Targeted outcomes; Indicators; Data Collection

• **Caveat:** The Dashboard is a starting point, not the final word. Our hope is that some institutions will pilot its use so that it can be refined over time and a learning community can be established.
Research Method and Results
## Conducting Field Interviews

<table>
<thead>
<tr>
<th>Interviewee Affiliation</th>
<th>Number Interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>University center directors and/or staff</td>
<td>17</td>
</tr>
<tr>
<td>University administrators (including five presidents)</td>
<td>11</td>
</tr>
<tr>
<td>Community-based organization (locally focused)</td>
<td>15</td>
</tr>
<tr>
<td>Community development or advocacy groups (mostly nationally focused)</td>
<td>15</td>
</tr>
<tr>
<td>Associations tied to the university sector</td>
<td>11</td>
</tr>
<tr>
<td>Foundations</td>
<td>2</td>
</tr>
<tr>
<td>Federal agency officials</td>
<td>2</td>
</tr>
<tr>
<td>Hospitals</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>75</strong></td>
</tr>
</tbody>
</table>
Community Group Interviews

- Atlanta Neighborhood Development Partnership (Atlanta, GA)
- Deep South Center for Environmental Justice (New Orleans, LA)
- Detroiters Working for Environmental Justice (Detroit, MI)
- Durham Community Land Trustees (Durham, NC)
- Hawthorne Community Center (Indianapolis, IN)
- Ivanhoe Neighborhood Council (Kansas City, MO)
- Northside Resident Redevelopment Council (Minneapolis, MN)
- People for Community Recovery (Chicago, IL)
- Steel Valley Enterprise Zone (Western PA)
- Strategic Action for a Just Economy (Los Angeles, CA)
- Partnership Community Development Corporation (Philadelphia, PA)
- UPROSE (United Puerto Rican Organization of Sunset Park) (Brooklyn, NY)
- Urban Habitat & Race Poverty and the Environment (Oakland, CA)
- WeAct for Environmental Justice (New York, NY)
- West Oakland Environmental Indicators Project (Oakland, CA)
Operational Challenges

- Community distrust
- Institutional buy-in
- Internal governance
- Connecting to mission
- Building relationships
- Creating a diversified approach
- Race and cultural divisions
- Institutional fragmentation
- Difficulty in tracking results
Measurement Challenges

• Access to data and resources to track metrics
• Impact is often a product of a collective process, not of a single institution
• Need to measure what is important, not simply what is easiest to measure
• Operationally, need to measure over the long haul, not merely for a year or two
“The point is not to measure everything. While in each area there are hundreds of things [to measure], let’s agree on a few key indicators ... Perfect data can be the enemy of the good.”

Wim Wiewel, President
Portland State University
Measurement Principles

• Focus on what anchor institutions can control, not what they cannot
• Set benchmarks
• Use policy metrics to assess impact in areas where numerical goals won’t work
• Establish goals and timelines
• Include metrics that have known relations to improving local economic multipliers
Desired Outcomes and Indicators
Anchor Mission Dashboard

ANCHOR MISSION DASHBOARD

ECONOMIC DEVELOPMENT
- Equitable Local & Minority Hiring
- Equitable Local & Minority Business Procurement
- Vibrant Arts & Cultural Development
- Thriving Business Incubation
- Affordable Housing
- Sound Community Investment

HEALTH, SAFETY & ENVIRONMENT
- Healthy Community Residents
- Safe Streets & Campuses
- Healthy Environment

COMMUNITY BUILDING & EDUCATION
- Stable & Effective Local Partners
- Financially Secure Households
- Educated Youth

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Key Themes

• Define what you mean by your “community”
• Define specific desired outcomes
• Focus on two principal kinds of indicators:
  1) Indicators that measure the status of the community
  2) Indicators that measure institutional effort to improve the status of the community
# Equitable Local and Minority Hiring

## Desired Outcomes: Equitable Local & Minority Hiring

<table>
<thead>
<tr>
<th>Illustrative Indicators</th>
<th>Percent of local and minority hires in staff positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent employed at living wage or above</td>
<td></td>
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<table>
<thead>
<tr>
<th>Data Source</th>
<th>Institutional data</th>
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*Economic Development*

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Equitable Local and Minority Business Procurement

<table>
<thead>
<tr>
<th>Desired Outcomes</th>
<th>Equitable Local &amp; Minority Business Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illustrative Indicators</td>
<td>Percent of procurement dollars directed to local, minority-owned, and woman-owned businesses</td>
</tr>
<tr>
<td>Data Source</td>
<td>Institutional data</td>
</tr>
</tbody>
</table>
University Hospitals (Cleveland) Vision 2010
Construction of Major New Facilities Cost $1.2 Billion

Results exceeded goals:

- 93% local contractors
- 17% MBE
- 7% FBE
- 18% of workers local residents
- Enduring results: worked with 110 small companies, now work with 30 on routine spend

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# Thriving Business Incubation

<table>
<thead>
<tr>
<th>Desired Outcomes</th>
<th>Thriving Business Incubation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illustrative Indicators</td>
<td>Jobs and businesses created and retained (1 year, 5 years)</td>
</tr>
<tr>
<td></td>
<td>Percent of incubated businesses serving low-income and minority populations</td>
</tr>
<tr>
<td></td>
<td>Dollars directed toward seed funding for community-owned business</td>
</tr>
<tr>
<td>Data Source</td>
<td>Institutional data</td>
</tr>
</tbody>
</table>

**Economic Development**
# Vibrant Arts and Cultural Development

<table>
<thead>
<tr>
<th>ECONOMIC DEVELOPMENT</th>
<th>DESIRED OUTCOMES</th>
<th>VIBRANT ARTS &amp; CULTURAL DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILLUSTRATIVE INDICATORS</td>
<td>Dollars spent on arts and culture-based economic development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of arts and cultural jobs and businesses created and retained</td>
<td></td>
</tr>
<tr>
<td>DATA SOURCE</td>
<td>Institutional data</td>
<td></td>
</tr>
</tbody>
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Syracuse University: Near West Side Initiative
Syracuse Arts, Life and Technology District

- $13.8M Debt Reinvestment Funds applied to revitalization of neighborhood, with focus on arts and culture
- Home Ownership Grant and Guaranteed Mortgage Programs
- Connective Corridor
# Affordable Housing

<table>
<thead>
<tr>
<th>Desired Outcomes</th>
<th>Affordable Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Illustrative Indicators</strong></td>
<td>Dollars invested in creating affordable housing</td>
</tr>
<tr>
<td></td>
<td>Dollars invested in community land trusts</td>
</tr>
<tr>
<td></td>
<td>Percent of households below 200 percent of poverty line that spend &lt;30 percent of income on housing</td>
</tr>
<tr>
<td><strong>Data Source</strong></td>
<td>Institutional data, official records (census)</td>
</tr>
</tbody>
</table>
Mayo Clinic (Rochester, MN)

• Helped to finance the “First Homes” community land trust to maintain housing affordability in the community

• 875 units of housing were constructed; 210 in the land trust

• All homes within a 30-mile radius of Rochester
Sound Community Investment

<table>
<thead>
<tr>
<th>DESIRED OUTCOMES</th>
<th>SOUND COMMUNITY INVESTMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILLUSTRATIVE INDICATORS</td>
<td>Percent of endowment and operating dollars directed toward community impact investments (e.g., support of community development financial institutions)</td>
</tr>
<tr>
<td>DATA SOURCE</td>
<td>Institutional data</td>
</tr>
</tbody>
</table>
## Leveraging University Endowments

<table>
<thead>
<tr>
<th>University</th>
<th>City</th>
<th>Use of Endowment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clark</td>
<td>Worcester, MA</td>
<td>Education/Community building</td>
<td>$7M</td>
</tr>
<tr>
<td>Duke</td>
<td>Durham, NC</td>
<td>Latino credit union finance</td>
<td>$5M</td>
</tr>
<tr>
<td>Harvard</td>
<td>Cambridge, MA</td>
<td>Affordable housing loan fund</td>
<td>$20M</td>
</tr>
<tr>
<td>Ohio State</td>
<td>Columbus, OH</td>
<td>Mixed-use development</td>
<td>$28M</td>
</tr>
<tr>
<td>Trinity</td>
<td>Hartford, CT</td>
<td>Education/Community building</td>
<td>$5.9M</td>
</tr>
<tr>
<td>Cincinnati</td>
<td>Cincinnati, OH</td>
<td>Mixed use development</td>
<td>$148.6M</td>
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Stable and Effective Local Partners

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<thead>
<tr>
<th>Desired Outcomes</th>
<th>Stable &amp; Effective Local Partners</th>
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<tbody>
<tr>
<td>Illustrative Indicators</td>
<td>Existence of partnership center or community advisory board</td>
</tr>
<tr>
<td></td>
<td>Positive feedback from survey of service-learning/ capstone partners</td>
</tr>
<tr>
<td></td>
<td>Civic health index rating</td>
</tr>
<tr>
<td>Data Source</td>
<td>Institutional and survey data</td>
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Financially Secure Households

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<thead>
<tr>
<th>Desired Outcomes</th>
<th>Financially Secure Households</th>
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<tbody>
<tr>
<td>Illustrative Indicators</td>
<td></td>
</tr>
<tr>
<td>Percent of households in asset poverty</td>
<td></td>
</tr>
<tr>
<td>Dollars spent on community financial education</td>
<td></td>
</tr>
<tr>
<td>Dollars and human resources directed to income tax filing assistance</td>
<td></td>
</tr>
<tr>
<td>Data Source</td>
<td></td>
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<tr>
<td>Institutional data, official records</td>
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**Educated Youth**

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<thead>
<tr>
<th>DESIRED OUTCOMES</th>
<th>EDUCATED YOUTH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ILLUSTRATIVE INDICATORS</strong></td>
<td>High school graduation rate</td>
</tr>
<tr>
<td></td>
<td>Percent of students advancing to college or apprenticeship programs</td>
</tr>
<tr>
<td></td>
<td>Math and reading proficiency</td>
</tr>
<tr>
<td><strong>DATA SOURCE</strong></td>
<td>Public school reported data</td>
</tr>
</tbody>
</table>
University of Pennsylvania

- Serve educational, social service, health, and recreational needs of students and community
- Engage universities as lead partners in providing academic, human, and material resources
# Healthy Community Residents

<table>
<thead>
<tr>
<th>DESIRED OUTCOMES</th>
<th>HEALTHY COMMUNITY RESIDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ILLUSTRATIVE INDICATORS</strong></td>
<td>Dollars spent on public health initiatives (e.g., clinics)</td>
</tr>
<tr>
<td></td>
<td>Number of grocery stores per zip code</td>
</tr>
<tr>
<td><strong>DATA SOURCE</strong></td>
<td>Institutional data, official records</td>
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</table>
## Safe Streets and Campuses

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<thead>
<tr>
<th>Desired Outcomes</th>
<th>Safe Streets &amp; Campuses</th>
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</thead>
<tbody>
<tr>
<td><strong>Illustrative Indicators</strong></td>
<td>Dollars spent on streetscape improvements</td>
</tr>
<tr>
<td></td>
<td>Rates of violent crime</td>
</tr>
<tr>
<td></td>
<td>Rates of property crime</td>
</tr>
<tr>
<td><strong>Data Source</strong></td>
<td>Institutional data, survey data, official records</td>
</tr>
</tbody>
</table>
## Healthy Environment

<table>
<thead>
<tr>
<th>Desired Outcomes</th>
<th>Healthy Environment</th>
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<tbody>
<tr>
<td>Illustrative Indicators</td>
<td>Percent reduction of carbon emissions</td>
</tr>
<tr>
<td></td>
<td>STARS index rating</td>
</tr>
<tr>
<td></td>
<td>Greenhealth index rating</td>
</tr>
<tr>
<td>Data Source</td>
<td>Institutional data</td>
</tr>
</tbody>
</table>
Gundersen-Lutheran Health System (WI)

- Developed local wind (14M kwh) and biogas. 100 percent renewable energy sourcing goal by 2014.

- Goal of 20 percent local food production.

- Founding member of multi-stakeholder Fifth Season farmer-consumer cooperative.

- Pursue local purchasing through negotiating local subcontracting with first-tier suppliers.
What Do We Mean by the “Anchor 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, and in particular low- and moderate-income neighborhoods.
WHAT'S YOUR NEXT STEP?
Steps Toward Implementation

• Promote use of common measures within trade associations and at conferences of universities, hospitals and community development networks
• Create a “cohort” of university and hospital leaders to pilot Dashboard metrics and data accumulation
• Build a community of learning and practice
• Empower community groups to track institutional efforts
• Expand Regional Federal Reserve Bank research, publishing and convening on anchor institutions and metrics
For More Information

For supporting policy briefs and free downloads of the Anchor Dashboard and research report, see: [www.community-wealth.org/indicators](http://www.community-wealth.org/indicators)

Ted Howard

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Thank you to today’s presenters and to all participants for joining this session.

Next steps:

- All session materials are available on our web site and in the next few days we will be posting an audio file of today’s session.
- Additional Federal Reserve System resources related to this topic can be found on our web site along with links to your local Federal Reserve Community Development office.
- If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at communities@stls.frb.org.
- Information about future sessions will be posted on our website along with archived materials from past sessions: www.stlouisfed.org/connectingcommunities/