Anchor Institutions and Innovation: A Landscape Scan

Educational institutions serve as community “anchors” and can have a great economic impact on the communities surrounding their campuses. Below is a landscape scan of six institutions who have taken on one or more of the following roles in the respective communities: Real Estate Developer, Purchaser, Business Capacity Builder, Employer, and/or Workforce Developer.

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UNIVERSITY OF PENNSYLVANIA

Location - Philadelphia, Pennsylvania
Driver - Precipitating factors included increased crime rate in the vicinity of campus and a high profile murder of a Penn staff member in 1996.
Modality - Real Estate Developer, Purchaser, Business Capacity Builder, Employer, Workforce Developer
Impact - In FY 2013, the University spent $109.2M at local community businesses.¹
Links - Economic Inclusion Report
http://www.evp.upenn.edu/docs/Ec_Incl.pdf
Anchor Toolkit
www.nettercenter.upenn.edu/anchortoolkit/timeline
West Philadelphia Initiatives: A Case Study in Urban Revitalization
http://www.fels.upenn.edu/news/new-report-urban-revitalization-1
The Partnership Community Development Corporation
https://partnershipcdc.wordpress.com/

REAL ESTATE DEVELOPER The Partnership Community Development Corporation (CDC) works with the University of Pennsylvania, health care institutions, local companies, and neighborhood associations, to build affordable housing, to create jobs and to facilitate economic development in West Philadelphia. It has invested more than $64 million dollars into the local community.²,³

Penn’s Economic Opportunity Plan set a target for awarding 20-25% of contracts on major projects ($5 million and above) to minority- and women-owned businesses, as well as targets for minority and female labor force participation on construction projects. The University’s estimated statewide economic impact from capital expenditures (direct and leveraged private investment) is $768 million and 6,160 jobs.⁴

PURCHASER Penn adopted a comprehensive program, “Buy West Philadelphia”, aimed to increase the University’s spending with local minority-owned businesses. The program is a national model and Ted Howard from the Democracy Collaborative has profiled the effort, which includes “requirements that all contractors partner with local vendors, incentives tying purchasing staff’s evaluation to local businesses, requirements for partnerships with community-based organizations to facilitate community involvement, and provisions for technical assistance to local businesses.” Since then, the University has directed 10 percent of its annual purchasing toward local vendors within West Philadelphia and injected over $94.8 million into that neighborhood’s economy.⁵

BUSINESS CAPACITY BUILDER In 1989, the University founded the Enterprise Center in collaboration with the Wharton School of Business as an incubator for local businesses. Since then the Center has gained a full-time staff and has shifted to training and empowering minority entrepreneurs with the goal of community revitalization in distressed, low-income communities.⁶,⁷

EMPLOYER Penn is the largest private employer in Philadelphia. Its outreach strategy focuses on local residents, especially minorities with career fairs, outreach to local religious leaders, and conferences.⁸

WORKFORCE DEVELOPER Programs include partnering with a welfare-to-work program, sponsoring an apprenticeship program to help local minority and women in skilled labor professions enter trade unions, offering paid afterschool and summer opportunities to local high school students, and contracting with a women/minority-owned temporary staffing service focused on recruiting local candidates.⁹
UNIVERSITY OF CHICAGO

Location - Chicago, Illinois
Driver - Desire to spur economic development and strengthen communities surrounding campus.
Modality - Real Estate Developer, Purchaser, Business Capacity Builder, Employer, Workforce Developer
Impact - One in three staff members reside near the University (Mid-South Side) and account for $230 million in wages. Of the vendor network, 271 employees in Mid-South Side and account for $6.5 million in wages.10
Links - UChicago Local
  - Office of Business Diversity
    - http://businessdiversity.uchicago.edu/
  - 741 Collaborative
    - http://www.741partners.org/
  - Chicago Anchors for a Strong Economy (CASE)
    - http://www.worldbusinesschicago.com/case/
  - VIDEO
    - http://news.uchicago.edu/multimedia/uchicago-local

REAL ESTATE DEVELOPER The University invested in several multi-million dollar projects to help revitalize the 53rd Street corridor with retail, housing, and public facilities near the campus.11

PURCHASER The new UChicago Local initiative, launched in 2014, supplements existing diversity programs (directed at women and minority suppliers) with tools to connect local job seekers and businesses to opportunities.12,13

As part of UChicago Local, the University and Medical Center identified eight procurement areas (through an independent examination of purchasing practices, partially funded by the Surdna Foundation) to focus on. The goal is to transfer business to competitive local vendors, attract businesses to locate near the University, and/or facilitate the launch of new businesses to meet the procurements needs.14 The categories include: consulting and professional services; plant and maintenance services; food supplies, dining and social activities; non-shop supplies and equipment; transportation and delivery services; shop supplies and equipment; equipment lease and rental; and, space lease and rental.

BUSINESS CAPACITY BUILDER Chicago Anchors for a Strong Economy (CASE) is a partnership of local anchors, including universities, hospitals, and local government and helps the anchors identify small, local suppliers to meet their procurement needs. In partnership with CASE, UChicago Local provides training to help local businesses grow by focusing on core business skills, including: talent management; finance; strategy; and, marketing.15,16 UChicago Local is also partnering with Sunshine Gospel Ministries’ Sunshine Enterprises to provide “business education and coaching specifically tailored to small, neighborhood-based entrepreneurs.”17,18

The University hosts regular forums for local businesses to showcase their products and services to purchasing staff, as well as other staff, faculty and students. Also, there is a directory of local businesses and new staff receive marketing materials and coupons in their new hire packets.19

EMPLOYER In fiscal year 2014, UChicago paid $230 million in salaries to “local” staff residing in the mid-South Side neighborhoods (~6,000 employees or one-third of their total staff).20 The University partners with Chicago organizations to connect local businesses and job seekers to opportunities at the University and its vendor network.

WORKFORCE DEVELOPER UChicago is working with 741 Collaborative Partnership, which consists of ten non-profit agencies coordinating to provide employment opportunities for local residents. As direct service providers, the partner organizations work together to offer “the right combination of recruitment and job placement services for every employer and job seeker.”21,22
CASE WESTERN RESERVE UNIVERSITY – (GREATER UNIVERSITY CIRCLE INITIATIVE)

Location - Cleveland, Ohio

Driver - Prospective students and employees were bypassing Cleveland and University Circle, which resulted in “a cycle of disinvestment and low expectations among residents and their neighbor institutions.” Desire to redevelop strategic areas to draw new residents and businesses.

Modality - Investor, Business Capacity Builder, Purchaser

Impact - The initiative has stimulated hundreds of millions of dollars of new investment in the neighborhoods of Greater University Circle.

Links - Cleveland Foundation Case Study

Evergreen Cooperatives
http://www.evgoh.com/

Greater University Circle Initiative Progress Report & Evaluation
http://engagedscholarship.csuohio.edu/cgi/viewcontent.cgi?article=1694&context=urban_facpub

VIDEO
Interview with Democracy Collaborative’s Ted Howard https://youtu.be/CfkuE6dHgHs

VIDEO
How the Evergreen Cooperatives Build Community Wealth https://www.youtube.com/watch?v=s_kLy_e6VBc

REAL ESTATE DEVELOPER The Greater University Circle Initiative (GUCI) consists of: the Cleveland Foundation; Cleveland Clinic; University Hospital; Case Western Reserve University; City of Cleveland; other local philanthropic and financial institutions; and, community groups. The Cleveland Foundation initiated the partnership in 2005. The Initiative is responsible for more than $140 million in new, public-private commercial and residential development, including a biotechnology corridor aimed at helping startups grow and attracting business from outside of the region. The participating institutions also encouraged employees to live in and near the redevelopment zone through an employer-assisted housing program.

INVESTOR/BUSINESS CAPACITY BUILDER/PURCHASER Worked-owned cooperatives, Evergreen Cooperatives, have been incubated by the Initiative. The goal is to create local suppliers with scale large enough to serve institutional needs, to employ neighborhood residents, to support environmental sustainability, and build community wealth. The cooperatives include eco-friendly industrial laundry facility, a weatherization and energy conservation company, and a hydroponics farm that produces organic foods. Potential ideas for co-ops “were vetted to determine marketability, profitability and viability. The intent is to create profitable businesses that not only pay back their start-up loans, but also contribute to a fund that seeds additional startups in the cooperative.”

PURCHASER Greater University Circle institutions strive to purchase local with 28 percent of their combined $3 billion in purchasing on goods and services going to suppliers within Cuyahoga County and about 14 percent were located in the City of Cleveland.
**UNIVERSITY OF SOUTHERN CALIFORNIA (USC)**

**Location** - Los Angeles, California

**Driver** - Improve safety of area surrounding campus, increase amenities for students and staff, and support “healthy, vibrant and engaged communities” around its campuses.

**Modality** - Purchaser, Business Capacity Builder, Employer

**Impact** - USC’s local hire program puts $5 million in annual salaries back into the neighborhood.\(^{31}\)

**Links** - Small Business Diversity Office
- [https://businessservices.usc.edu/for-suppliers/supplier-diversity/](https://businessservices.usc.edu/for-suppliers/supplier-diversity/)
- University Policy
- [http://policy.usc.edu/diverse-supplier/](http://policy.usc.edu/diverse-supplier/)

**PURCHASER** The University of Southern California has committed to directing 15 percent of its $125 million in purchasing to local businesses.\(^{32}\) USC’s Local Vendor Program encourages local firms to bid on university projects open to competitive bidding. Local businesses are listed in an online Supplier Diversity Services directory, “an online publication used by more than 900 senior USC business officers, staff and faculty members, and 200 off-campus organizations.”\(^{33}\)

**BUSINESS CAPACITY BUILDER** Through a variety of programs, USC has taught 60 small business owners the skills to obtain $61 million dollars in capital, contracts and loans. One program, Bridges to Business Success, is a public-private collaboration between USC, Citi Community Development, the L.A. Mayor’s office, and other key partners that certifies minority business enterprises for contract bidding and offers business capacity building training.\(^{34}\)

**EMPLOYER** USC, the largest private employer in Los Angeles (2013), has implemented programs to increase employment from neighborhoods immediately surrounding its campus. Local recruiting includes regular job fairs, information sessions and a drop-in recruiting center. An online job application site allows applicants to archive a resume and be notified of additional opportunities.\(^{35}\) In one recent period, one out of every seven applicants for staff positions was hired from the seven zip codes nearest the campus.\(^{36}\) USC’s local hire program puts $5 million in annual salaries back into the neighborhood.\(^{37}\)
UNIVERSITY OF CINCINNATI (UPTOWN CONSORTIUM)

Location - Cincinnati, Ohio
Driver - Desire to improve public safety, transportation, economic and community development.
Modality - Real Estate Developer, Investor
Impact - Consortium is responsible for $400 million+ in redevelopment, new construction and neighborhood improvements in Uptown Cincinnati. Consortium members employ ~50,000 people, have a payroll of $1.4 billion, produce an annual economic impact of ~$3 billion.38

Links - Uptown Cincinnati
http://www.uptowncincinnati.com/
2014 Uptown Consortium Success Report
Economic Impact of Uptown Neighborhoods On the Cincinnati MSA
http://uptowncincinnati.com/sites/default/files/EconomicImpactofUptown-FINAL.pdf
Report on Current and Potential Impact of Local Procurement by Anchors

REAL ESTATE DEVELOPER, INVESTOR
Uptown Consortium is a non-profit community development corporation dedicated to the “human, social, economic, and physical improvement of Uptown Cincinnati.”39 Consortium members include Cincinnati Children’s Hospital Medical Center, Cincinnati Zoo & Botanical Garden, UC Health, TriHealth, Inc. and the University of Cincinnati. The trustees of the University of Cincinnati have allocated $100 million from the university’s $1 billion endowment to finance development (lent out at a below-market rate), helping to leverage over $400 million for community renovation work.40
UNIVERSITY OF MINNESOTA, TWIN CITIES

Location - Minneapolis, Minnesota

Driver - Extend the assets, resources, and knowledge of the University to help find innovative solutions to real-world social-economic problems in urban communities.

Modality - Purchaser, Business Capacity Builder

Impact - The University is dedicated to spending 10% on local, minority, and women-owned businesses.

Links - University Policy
http://bced.umn.edu/forms/TargetedBusiness.pdf
Business Development Services
https://diversity.umn.edu/bced/bds
Supplier Diversity Page
https://diversity.umn.edu/bced/supplier-diversity
Campus Compact Report
Vendor Databases
http://purchasing.umn.edu/db/db.html

PURCHASER The University requires that at least 10% of all base contracts are made with local, minority and women-owned businesses. In 2008, $75 million of the $700-million spent on goods and services went to women- and minority-owned businesses.41 The Office for Business and Community Economic Development oversees local economic inclusion programs, which includes training and technical assistance to vendors and local business, as well as incentives for University departments to purchase from the local businesses. The Purchaser AIR (Awards Incentive & Recognition) program awards financial rewards to departments for their support of and purchases from targeted firms (women/minority/disabled owned business enterprises – WMDBEs). The program also recognizes individual staff for their efforts to champion local purchasing.42

BUSINESS CAPACITY BUILDER The University works with beginning-stage entrepreneurs, start-ups, and established business owners, to help them “master business fundamentals, build capacity, improve their performance and profitability, increase innovation, enhance learning, and develop the leadership skills of key executives.” Topics include: management assistance; technical assistance; legal resources; accounting tools; workshops; seminars; and, direct coaching support.43,44

The University also provides opportunities for contractors to network and potentially form joint ventures at a Construction Expo. The Small Business Networking Fair brings together businesses selling goods and services with departmental buyers from across the University.45