

“Leveraging Anchor Institutions for Local Job Creation and Wealth Building”

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Steve Dubb is research director of the Democracy Collaborative at the University of Maryland, where he has led the development of the Community-Wealth.org web-based information portal. He has authored or coauthored the books *Building Wealth: The New Asset-Based Approach to Solving Social and Economic Problems* (2005), *Linking Colleges to Communities: Engaging the University for Community Development* (2007), *Growing a Green Economy for All: From Green Jobs to Green Ownership* (with Deborah B. Warren, 2010), and *The Road Half Traveled: University Engagement at a Crossroads* (with Rita Axelroth Hodges, 2012). Dubb also conducted (with Ted Howard) the initial strategic planning that led to the development of the Evergreen Cooperative initiative in Cleveland, Ohio, and currently helps guide efforts to adopt that model to meet the needs of other cities. Previously, Dubb was executive director of the North American Students of Cooperation (NASCO), a U.S. and Canadian nonprofit association that provides education and technical assistance to university and community-based housing and retail cooperatives. Dubb received his master’s and PhD in political science from the University of California–San Diego and his bachelor’s in economics (with honors) and Spanish from the University of California–Berkeley.

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Summary and Findings: This paper examines how anchor institutions, such as hospitals and universities, can leverage their power as local investors, developers, and consumers of goods and services in order to create jobs in nearby disadvantaged communities. Based on analysis of national trends and examination of case study data in Cleveland, this paper argues that an anchor institution strategy that works to foster local supply chains has the potential to start a virtuous economic cycle that can lead to net new job growth locally and regionally. Anchor institutions are large nonprofit service providers and cultural and educational centers with a long history in a city. Typically among the biggest employers in a region, these institutions are “anchored” in place, giving them an interest in their communities (and making them unlikely to relocate). With their massive budgets comes the ability to create significant economic change. In cities like Chicago, Cleveland, Detroit, and Pittsburgh, anchor institutions are partnering with networks of community-based organizations to identify and support opportunities for job creation. The main point of leverage that these institutions possess is their power to purchase and hire locally. Additionally, their activities as institutional investors and nonprofit developers can also impact the local economy.

Implications for Policy and Practice: Federal policy can promote and foster anchor institution strategies that support local job creation. One simple step would be to expand the existing Historically Underutilized Business Zone (HUBZone) program, which targets federal contracts, to cover hospitals and universities (both of which are significant recipients of federal grant dollars). Another step would be to strengthen Schedule H (community benefit) reporting requirements for local community economic development efforts, including targeted procurement, on the annual Form 990 that all nonprofit hospitals complete. If such work were made to “count” as a community benefit, hospitals would be greatly encouraged to take greater advantage of their procurement targeting capacity to improve local community economic development outcomes. In addition, government could develop a pilot program to foster innovation by distributing

competitive grants to anchor institution-community coalitions that meet the following criteria: set clear local investment, purchasing, hiring, and wealth creation objectives; link activities to core institutional objectives, e.g., education for universities and health care for hospitals; provide institutional support at the CEO/presidential level; obtain state and local government support; include community groups in developing goals and objectives; and employ clear metrics to track impact over time.