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DISCUSSION PAPER

Anchor Institution Strategies in the Southeast: Working with Hospitals and Universities to Support Inclusive Growth

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Primary issue:

Engaging universities and hospitals to address economic disparities—often referred to as anchor institution strategies—has been understudied in the Southeast. This paper examines anchor institution strategies in New Orleans, Atlanta, and the Miami area from 2016 to 2018. It offers lessons to local communities that may be interested in working with hospitals or universities to address economic disparities or promote inclusive economic development.

Key findings:

Since the Great Recession, anchor institution strategies have evolved to include multianchor and citywide or regional efforts (instead of neighborhood-based efforts). The cities studied all worked on multianchor strategies instead of focusing on a single institution. Results have been mixed, with only New Orleans sustaining an anchor program during the study period. New Orleans stands out because city government launched its program, whereas local philanthropy has more often been the lead convener of anchor efforts. Atlanta's case study offers insights into the barriers to launching an anchor program, especially adapting a model developed in weak markets to a higher-growth city. Miami is notable for the regional nature of its program, which attempts to work across Miami Dade and Broward counties. The case study sites focused only on small business promotion and job access in their anchor programs, rather than also tackling real estate or financial investments, as other anchor programs have done.

Takeaways for practice:

Anchor institution strategies are not a one-size-fits-all tactic for addressing economic disparities. Anchor programs are often highly tailored to meet the anchor's specific business interests and the community's economic priorities. This common motive then often drives the program's focus areas. A robust and well-developed community engagement strategy is therefore essential to the success of an anchor program. Anchor strategies are a long-term effort, requiring a considerable investment of time and resources to launch successfully. Whether an institution is privately or publicly owned can affect its contributions to an anchor program, with public institutions sometimes having legal mandates related to contracting and procurement that can support or limit their anchor programs. Historically black colleges and universities are a relatively underexamined resource in anchor strategies, and they may offer a useful contribution to anchor programs.

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Anchor Institution Strategies in the Southeast:

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Abstract:

Engaging universities and hospitals to address economic disparities—often referred to as anchor institution strategies—has been understudied in the Southeast. The author examines efforts to launch anchor institution strategies in the Southeast. First, the author reviews the anchor institution concept in economic development, noting how the strategy has evolved from single institutions focusing on a set of neighborhoods to expanding to multi-institution collaboratives that attempt to tackle economic inequalities at a city or regional level. Second, the author offers case studies of New Orleans, Atlanta, and Miami's efforts to establish anchor institution programs between 2016 and 2018, to illustrate how southeastern cities are trying to adopt the model. Third, the author raises questions for practitioners, as they consider whether an anchor strategy might be useful in addressing some of their local economic disparities. Questions include who leads an anchor program, what geography the program focuses on, whether the program has one or multiple institutions, the impact of the anchor's status as a public or private institution, community engagement strategies, and the potential role of historically black colleges and universities in anchor programs.

JEL classification: I23, O18, R1, R11, Z13, Z18

Key words: inclusive growth, economic mobility, economic development, anchor institutions, universities, hospitals, small business, procurement

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Comments to the author are welcome at sameera.fazili@atl.frb.org.

Introduction

Interest in engaging universities and hospitals in local community and economic development strategies—often referred to as anchor institution strategies—has grown across civic, philanthropic, and public-sector leaders since the Great Recession. However, anchor programs in the Southeast are underrepresented in the wider literature on anchor institutions. This paper examines efforts to launch anchor institution strategies in the Federal Reserve's Sixth District, which includes the southeastern states of Florida, Georgia, and Alabama as well as parts of Tennessee, Mississippi, and Louisiana. The first section examines the anchor institution concept within the wider economic development field. The second section offers case studies of efforts to establish anchor institution programs in New Orleans, Atlanta, and the Miami region between 2016 and 2018. The third section offers questions for practitioners, as they consider whether an anchor strategy could address some of their local economic disparities.

Anchor Institution Strategies: From Economic Revitalization to Inclusive Growth

The term anchor institutions, in the economic development field, generally refers to organizations that are "anchored" in place, often due to a large amount of fixed assets, customer relationships, or historical ties that would make relocation highly unlikely (Zuckerman, 2013). As a result of this physical tie to place, they act as a stable economic presence to a local economy. Moreover, they have the potential to increase local economic activity if they direct their spending and investments locally (Rutheiser, 2017). Anchor institutions can be for-profit or not-for profit private businesses, or they can be publicly owned institutions like ports or airports.

After the 1980s, as the U.S. economy shifted away from manufacturing and many companies began to offshore jobs, the contributions that nonprofit anchor institutions, in particular, were making to their local and regional economies became increasingly recognized by civic leaders. These leaders came to see hospitals and universities as key anchor institutions that created jobs for local residents, supplied contracts to local small businesses, and influenced placemaking at the neighborhood level (Rutheiser, 2017; Kleiman et al., 2015). Furthermore, given their research capacities, hospitals and universities also had the potential to become hubs for commercializable innovation that could lay the foundation for a stronger economy in regions trying to reestablish their economic footing after deindustrialization (Briggs, Pendall, and Rubin, 2015).

While the *economic development* contribution of hospitals and universities as anchor institutions has long been understood (Bartik and Erickcek, 2008), over time policymakers, researchers, foundations, and local leaders began to ask whether these institutions might become drivers of *economic inclusion*. That is, could the economic power of hospitals and universities support access to economic opportunity for residents of low- and moderate-income or distressed communities (Briggs, Pendall, and Rubin, 2015)? This search for more inclusive economic development models at the local level was fueled in part by the uneven nature of the recovery from the Great Recession, which began to focus greater public attention on the hollowing out of the American middle class, and widening income and wealth inequality (Poethig et al., 2018). While experts had long recognized the macroeconomic drivers of these trends—from globalization to deindustrialization to technological change—economic development theorists asserted that the power to change a place's economic trajectory lay in the hands of its local residents, civic leaders, and businesses (Safford, 2009; Liu, 2016). These researchers emphasized the role that regional and local leaders play in creating the right infrastructure and conditions to spur local economic growth (Safford, 2009; Liu, 2016). This interest in advancing the ability of local economic development leaders to counter rising inequality was also buoyed by new economic research at the international level, which suggested that lower inequality may support longer-term growth (Berg and Tsangarides, 2014, Benner and Pastor, 2013).

With renewed attention on local economic development practices, some theorists began to query if hospitals and universities, as key anchor institutions, could play a significant role in supporting inclusive growth strategies (Briggs, Pendall, and Rubin, 2015; ICIC, 2009; Zuckerman, 2013). At the same time, many major philanthropies—including the Annie E. Casey Foundation, the Surdna Foundation, and the Cleveland Foundation—began investing in anchor strategies in order to support inclusive economic growth. For the remainder of this paper, the term “anchor institutions” refers specifically to hospitals and/or universities, and “anchor institution strategies, initiatives, or programs” refers to inclusive economic development programs that leverage these anchor institutions.

A typology of anchor strategies

Prior to the Great Recession, two main types of anchor strategies dominated the landscape. Both of these grew out of older industrial cities in the Northeast and Midwest. The first type was efforts led by single institutions that wanted to address blight or distress in a particular neighborhood (Type I). The University of Pennsylvania’s West Philadelphia Initiative and Syracuse University’s Near Westside work are examples of these single-neighborhood style strategies. While the University of Pennsylvania chose a neighborhood that surrounded its campus, Syracuse selected a neighborhood further from its campus, but eventually established some campus-affiliated real estate in the neighborhood.

The second type of anchor program similarly focused on a narrow set of neighborhoods, but it brought multiple institutions together collectively to engage in anchor strategies (Type II). The work of Henry Ford Health System, Wayne State University, and Detroit Medical Center in midtown Detroit and the Cleveland Foundation’s Greater University Circle Initiative in Cleveland are two common examples of this work. In these programs, multiple anchors share geographic proximity to one another and to an economically distressed neighborhood. Rather than one institution working on a revitalization strategy on its own, the institutions establish a collaborative effort to help deploy their assets collectively toward a revitalization program.

After the Great Recession, a third style of anchor program emerged. These efforts are also multi-institution collaboratives, but they tend to work on a citywide or regional scale and have an inclusive development frame (Type III). The Baltimore Integration Partnership is one such example, bringing together over 14 anchor institutions with an array of funders, nonprofits, and public-sector organizations in a regional strategy (Hebert, 2018). The three types of anchor programs are summarized in table 1.

Table 1: Typologies of Anchor Programs

	Number of institutions engaged	Geographic focus	Example
Type I: Single neighborhood	Single	Select neighborhood(s)	West Philadelphia /University of Pennsylvania
Type II: Neighborhood collaborative	Multiple	Select neighborhood(s)	Midtown Detroit/Detroit Medical Center, Henry Ford Health System, and Wayne State University
Type III: Inclusive growth collaborative	Multiple	City or regional	Baltimore/Baltimore Integration Partnership

Source: Author's own table based on literature review

Regardless of the type of anchor program, all share an intentional and concerted effort by the educational or health care institutions to leverage their assets to counter economic disparities facing low- and moderate-income communities. The institutions can try to leverage their economic assets, noneconomic assets, or both. On the *economic asset* front, the three that most typically align well with a community's economic inclusion goals are the anchor's role as an employer, a purchaser, and an investor:[1]

- **Employer:** As an employer, the anchor can develop more intentional employment pipelines in distressed communities or create economic mobility pathways for its lower-wage employees to gain the skills needed to access higher-wage jobs over time.
- **Purchaser:** As a purchaser of goods and services, the anchor can direct contracts to local or disadvantaged small businesses. This can promote wealth building among historically disadvantaged communities by supporting small business development as well as support employment access for individuals who may have trouble securing entry into the labor force (Chatterji, Chay, and Fairlie, 2013).
- **Investor:** Large nonprofit organizations have financial assets that must be managed, including real estate holdings, cash, and endowments. They can align their real estate development with local affordable housing needs or add investments in community development financial institutions (CDFIs) to their financial investment holdings.

Hospitals and universities also have a range of *noneconomic assets* that can help support a community's economic inclusion goals, including health and educational expertise and civic leadership. While some of the early leaders in the anchor movement worked across their full range of economic and noneconomic

[1] Ehlenz, 2016 provides a review of literature on the economic contribution urban universities make across these three categories.

assets, other institutions have chosen only select assets to deploy toward an economic inclusion strategy.

The design of many anchor programs has been influenced by Michael Porter's shared value framework as well as the Democracy Collaborative's community wealth-building framework (Kelly and McKinley, 2015; Porter and Kramer, 2011). Under the shared value approach, the anchor looks at ways both to "enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates" (ICIC, 2009). To do that, community leaders and anchor leaders identify the business's goals and pain points to see if they could be related to a community's economic inclusion needs. For example, an anchor may be experiencing high turnover in specific job categories, while community members may face chronic unemployment. Although the shared value model looks at the interests of one institution at a time, the community wealth-building model instead begins with an analysis of a region's wider social and economic environment. Community wealth building is an economic development philosophy that tries to root capital in place to achieve a more equitable and inclusive economic and political system. In a community wealth-building approach, projects are designed to help dollars recycle through the local economy in a way that promotes increased wealth for local residents and enhanced stability for the local economy (Kelly and McKinley, 2015). Common tools deployed in this approach are employee ownership of businesses or community land trusts for real estate developments. Community wealth-building programs often try to align with a shared value framework, so the two are not mutually exclusive and can interact.

The motivations for an institution to engage as an anchor are highly variable, often idiosyncratic, and can be a mix of push and pull factors (see table 2). A galvanizing event helps some institutions decide to develop an anchor strategy, as was the case with the University of Pennsylvania. There, the university came to adopt an anchor strategy after two students were killed in 1994 and 1996 just a few blocks from campus. In the aftermath, university administrators received calls from parents and students to improve safety, and there were drops in enrolled students in the subsequent academic years (Ehlenz, 2016). For other anchors, they came to realize that their longer-term future was closely tied to the health and vitality of their surrounding neighborhoods. The neighborhood revitalization-motivated programs can generate a tension between existing residents and the anchor institution, as they can lead to the displacement of existing residents or legacy small businesses. A third motive can be regulation, taxes, or a similar type of public policy motive. Nonprofits are exempt from sales and property taxes, but they still utilize local government services. As a result, local governments have at times threatened to impose new taxes on them. Institutions may therefore consider anchor strategies a useful public relations tactic to help avoid municipal action or to improve relations with local government (Kleiman et al., 2015; Krantz, 2017).[2] For nonprofit hospitals, the enhanced community benefit rules enacted by the Internal Revenue Service in 2009 as well as the post-Affordable Care Act community health provisions, have led some hospitals to consider new ways they might support low- and moderate-income communities in their service area (Rosenbaum, 2016; Fazili, 2017). Our Lady of the Lakes Regional Medical Center in Baton Rouge, Louisiana, is a southeastern hospital that exemplifies this trend with its leadership of a regional health collaborative, the Healthy BR initiative (Fazili, 2017). For some anchors,

[2] Kleiman notes other, nontax benefits that anchors may receive from cities, including from transportation and public safety systems. He offers the example of the University of Southern California, where a campus expansion into downtown Los Angeles was supported by a major rezoning and city investments in the surrounding neighborhoods.

business model competitiveness has been a motivator, especially for nonprofit hospitals, which may try to use anchor strategies to address key social determinants of health that are affecting their profitability

Table 2: Factors Motivating Institutional Engagement as Anchors

Motive	Description	Example
Event driven	An action-motivating event that leads an institution to recognize it needs to make investments to improve economic conditions outside its walls.	University of Pennsylvania
Neighborhood revitalization	When neighborhood level conditions—including blight, lack of commercial activity, lack of affordable housing, or crime—affect the institution's ability to achieve its mission. Examples of impacts include decline in clients or difficulty with staff retention or hiring.	Midtown Detroit
Public policy	Regulations, permits, or taxes enacted by (or threatened by) national, state, or local governments incentivize the institution to align its work with the community's economic or social goals.	Our Lady of the Lake Regional Medical Center
Business model	The institution's business model improves through alignment with the community's economic or social goals.	Kaiser Permanente
Corporate social responsibility	Leadership adopts a corporate philosophy of greater alignment with community economic or social goals.	Syracuse University

Source: Author's own table based on literature review

and financial sustainability (Norris and Howard, 2015).[3] Finally, there are institutions that see an anchor strategy as part of their corporate social responsibility, like Syracuse University, which embarked on an anchor program as part of its strategy to become a more publicly oriented university (Cantor, Englot, and Higgins, 2013).

In practice, an institution is likely motivated to start an anchor program by a range of factors, but the motives could have a large impact on the programming developed. For example, a more business-motivated institution may be looking for cost savings, which could lead it to prioritize

[3] For example, Fazili, 2017 offers examples of hospital systems investing in supportive housing developments to decrease the financial cost they incur when uninsured homeless people are overly dependent on the emergency room for health care services.

workforce development programming to help fill high turnover jobs or supplier diversity to improve pricing or quality in some supply chain need. On the other hand, a more civically motivated institution may focus on deploying its particular areas of research expertise toward a local priority issue.[4]

A final distinguishing feature between programs is which sector provides the leadership for the anchor strategy. While there are cases, especially in Type I and Type II programs, where the institutions themselves drove the engagement, in Type II and Type III programs local philanthropy often plays a galvanizing role, convening the institutions and community-based stakeholders to develop an anchor program (Pease, 2017). In select cases, local government has also been the driver of the program (Kleiman et al., 2015).

Designing and implementing an anchor strategy is slow and painstaking. Many proponents of anchor strategies see them as long-term partnerships, and therefore seek to measure program success over the course of many years, rather than months. They recognize that universities and hospitals are often large bureaucracies that do not adapt or change quickly (Pease, 2017). In addition, anchor programs require a robust community engagement process to identify residents' priorities and align them with the anchor's assets and interests. If mistrust exists between the anchor and local residents, the engagement process may need time to rebuild trust. Therefore, anchor programs are not a quick and easy community economic development strategy. Anchor programs may require a considerable investment of time and resources before they yield large results. Advocates of the approach, however, see it as a durable inclusive development strategy, given the place-based nature of the anchor and the alignment of programming with the anchor's own business interests. At the University of Pennsylvania, for example, the university has been a patient investor for over 20 years. It has invested over half a billion dollars in anchor strategies from 1996 to 2011 and increased procurement spending on local and minority-owned businesses from just $800,000 to almost $100 million (Kleiman et al., 2015). The model has not undergone rigorous research and evaluation, and therefore it is difficult to assess the effectiveness of anchor strategies at reducing economic disparities in local economies.[5] However, new tools can help programs track outcomes as well as improve transparency and accountability to community stakeholders.[6]

[4] For example, Cantor, Englott and Higgins, 2013 describe the work Syracuse University did to use its strengths in broad areas like environmental sustainability, entrepreneurship, and inclusive education reform to support multisector partnerships in Syracuse.

[5] Some research critically studies the results of anchor programs. Ehlenz's study, for example, tried to assess the impact the University of Pennsylvania's West Philadelphia Initiative had on its targeted neighborhoods. She uses descriptive statistics from the American Community Survey to compare the neighborhoods targeted by Penn to all of West Philadelphia and to the city as a whole. She divides her analysis into two periods: 1990–2000 (before the initiative starts) and 2000–10 (after the intervention starts). She finds some divergence in socioeconomic trends between the targeted neighborhood and West Philadelphia during the intervention period (2000–10), such as a higher increase in the White population, modest improvements in income, lower vacancy rates, and more stable homeownership rates than in West Philadelphia as a whole.

[6] For example, the Democracy Collaborative has worked with the Annie E. Casey Foundation to develop an "anchor dashboard" that can be used to track and measure the outputs of anchor programs across 12 different areas, ranging from economic development to community-building activities.

Case Studies of Anchor Strategies in the Southeast

In this section, I discuss case studies of three southeastern metropolitan areas that have each tried to design and deploy anchor strategies to counter persistent economic disparities: New Orleans, Atlanta, and the Miami area. Each site is unique in terms of the stage of development of its programs and the strategy it crafted. New Orleans offers an example of a well-established collaborative, which has been in operations for a few years. Atlanta reflects a city that has been trying to develop an anchor program, but has not yet been able to launch one. Finally, Miami offers a snapshot of an anchor strategy in its planning stages. I developed the case studies through interviews and site visits with local leaders between 2016 and 2018, which included interviews with local philanthropy, city government officials, nonprofit leaders, and staff at some of the anchor institutions.

New Orleans

New Orleans developed its anchor collaborative along the Type III inclusive growth collaborative model. In 2013, then mayor Mitch Landrieu released the ProsperityNOLA report, a new economic development strategy for the city that focused on economic inclusion and racial equity (NOLABA, 2013). The mayor's office then established a business roundtable in 2014 to identify ways the private sector could address the economic inclusion challenges identified in the ProsperityNOLA report. The business roundtable was cochaired by the local economic development agency, the New Orleans Business Alliance (NOLABA), as well as the local community foundation, the Greater New Orleans Foundation.

In its early years, the roundtable's goal was to work with individual businesses to identify business needs that might align with the inclusive development priorities of the city. Once the roundtable identified a problem and possible solution, the coconveners would design pilot programs based on national best practices. With the city and the community foundation at the lead, the roundtable could leverage philanthropic and public funding to run the pilots. If a pilot yielded good results, it could then be scaled through the roundtable by inviting other employers to participate. In this way, the business roundtable could be used to drive structural changes in the infrastructure and systems needed to support equitable economic development in New Orleans. In addition, the roundtable's coconveners explicitly integrated a racial equity lens into the roundtable's work, to help create bridges across some of the region's long-standing racial and economic divides. A table of the region's hospitals and universities became one of many sector-specific business roundtables convened in this process, and the hospitals emerged as early leaders interested in designing and running pilots.[7] The anchor institution table's focus thus far has primarily been in workforce development and procurement, with workforce development being the longest-running program.

The workforce development programming was supported in part by a grant that the Greater New Orleans Community Foundation received from the National Fund for Workforce Solutions. The grant supported the creation of "demand-driven" training programs, which focused on training people for jobs in high demand in the local economy. These programs identify jobs with many openings, and engage employers to help design a training curriculum that actually meets the employer's hiring requirements. Training providers are then selected based on their ability to offer job seekers the

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[7] While this case study focuses on the work done by hospitals following the Great Recession, other researchers, such as Neil Kleiman, have documented the role universities like Tulane played following Hurricane Katrina (Kleiman et al., 2015).

necessary hard and soft skills. ProsperityNOLA had identified health care jobs as a growing category in the local economy, and therefore those jobs became the focus of the grant. In 2013, the community foundation approached a number of hospitals to see which would work with them, and Ochsner Health System (Ochsner), a nonprofit health system that is the largest employer in the city and state, agreed to join the pilot.

Ochsner identified the medical assistant position as one that had particularly high turnover for the organization. High turnover can be very costly in health care fields, even for moderately skilled jobs. Moreover, medical assistants performed important customer service roles for the hospital system, and Ochsner realized turnover carried the risk of eroding patient satisfaction. The community foundation then worked with Ochsner and Delgado Community College to design a tuition-free, 16-week training program that would give program graduates a nationally recognized credential. The community college offered the hard skills training and Ochsner did on-site soft skills training and guaranteed jobs to all students who graduated from the program.

Ochsner tracked the results from the first set of program graduates, and realized that the graduates had higher manager satisfaction scores and lower turnover compared with its other medical assistants. As a result, the company decided to invest in further workforce development programming. Moreover, the process of reviewing the position's requirements led Ochsner to grant pay raises to all its medical assistants, since the company realized just how much it was asking of employees in that role. By the end of 2016, of the 100 people trained in the program since 2013, 94 percent were still employed at Ochsner (Ochsner Health System, 2016). At this point, the anchor collaborative was able to step in and use the city's federal workforce development training dollars to create a citywide medical assistant training program on the Ochsner model, which trained people for jobs at all the local hospitals.

Since this first medical assistant program, Ochsner has continued to make investments in workforce training programs. It created an incumbent worker-training program, to take entry-level workers through the medical assistant credentialing program. Ochsner and the Greater New Orleans Foundation fund the program jointly. It remains tuition-free for the worker, and by 2017 had trained over 400 workers. In 2017, Ochsner designed a first of its kind registered apprenticeship for licensed practical nurses. As a registered apprenticeship, federal funding subsidizes a portion of the nurse's wages while in training. All in all, Ochsner has been able to develop a suite of programs that offer career ladders to its lower-wage employees, offering them the opportunity to move from an entry-level job up to medical assistant and then on to nursing.

Interview subjects emphasized that investing in workforce training has been a strategic business investment for Ochsner, not a corporate philanthropic effort. The hospital system recognized the value of building out training programs aimed at middle-skill jobs. First, it understood how costly turnover was, from both a financial and a brand management perspective. Second, it recognized that for many moderately skilled jobs, the hospital was largely dependent on local talent pipelines. This meant it had to invest in local training and local recruitment strategies in order to have an adequate supply of potential workers with the right skills. The availability of matching funds from public and philanthropic sources provided a level of cost-effectiveness to human capital investments by this private employer. Ochsner offers a prime example of how to develop anchor strategies to meet the business needs of the institution, while also serving the community's goals of creating effective pipelines into quality jobs.

Procurement was the second area of focus for New Orleans. The procurement work started with an overhaul of the public procurement system. The city recognized that it could not ask private employers to improve their contracting with small and disadvantaged businesses (DBEs) if the city did not improve its own contracting programs for DBEs. Therefore, it streamlined the certification system for small businesses and designed a technical assistance program for both its prime contractors and for small businesses interested in contracting opportunities. The technical assistance was coordinated, in part, by a professor at Xavier University, a local historically black college or university (HBCU) that had strong ties to the local minority small business community. To address the access to capital challenges many small contractors face, the city partnered with NewCorp Inc., a local, minority-led community development financial institution, to create an affordable working capital loan for small businesses.

With this new public infrastructure in place, the city then turned to the anchor institution table to see if elements of the government's system—from its list of certified small businesses to its working capital program—might help anchors reach more small businesses as contractors. This time, another hospital stepped up to be the test case, LCMC Health. In the first year of the pilot, 2016, LCMC was able to award around $2 million in new contracts to small suppliers. Further results were not readily available when I was conducting interviews.

The years 2017 and 2018 were a transition period for New Orleans' business roundtable and anchor program as a new mayor—LaToya Cantrell—came into office. The anchor collaborative moved to NOLABA, and the anchor collaborative is now one of several industry advisory boards that NOLABA runs.

A few features of New Orleans' anchor program are of note. First, it has a citywide anchor program, as opposed to focusing on a particular set of neighborhoods or ZIP codes. Second, the mayor's office launched the program. This is a unique situation, as the majority of anchor programs are developed with philanthropic or anchor executives leading the effort. New Orleans took steps to insulate its collaborative from the political turnover concerns that can arise when a mayor's office is in the lead by bringing the community foundation and NOLABA in as coleads. The integration of an economic development agency into the collaborative's leadership also helped emphasize the program's business focus. Local leaders underscored the necessity of a business-oriented strategy to allow programs to scale quickly.

Atlanta

Atlanta's anchor program began as an effort to replicate Cleveland's anchor program, which is a Type II neighborhood collaborative program. In Cleveland's Greater University Circle Initiative, the local community foundation brought together leaders of local anchor institutions to try to address disparities in some of the city's most disinvested neighborhoods. The collaborative developed an array of programming, ranging from physical development to job placement, using the Democracy Collaborative's community wealth-building framework. Cleveland achieved notoriety, in particular, for the worker-owned cooperatives it created. These cooperatives are located in the distressed neighborhoods adjacent to the anchors, sell goods and services to the anchor institutions, and offer employment, training, and financial wealth-building opportunities to local residents.

In 2009 and 2010, the Community Foundation of Greater Atlanta organized a study trip for local leaders to understand how Cleveland's program operated and how it might be modified to the Atlanta context. In interviews, Atlanta's civic leaders noted important differences between Cleveland and Atlanta. In Cleveland, the hospitals and universities were close to one another, while in Atlanta they were more dispersed geographically. Furthermore, Cleveland's institutions all sat adjacent to the economically distressed residential neighborhood that was the focus of the anchor intervention. Atlanta's institutions were not located close to economically distressed residential neighborhoods. Some of the institutions, like Emory University and Agnes Scott College, were in higher-income suburbs just outside the city limits. Others, like Georgia State University, were in central business districts that, while close to distressed residential neighborhoods, were not adjacent to them. Two hospitals were close to distressed neighborhoods, but one was a financially distressed quasi-public hospital, Grady, which had recently been rescued from financial collapse. The other was a for-profit hospital that lacked the regulatory or academic imperatives that often drive health care institutions to become more engaged as anchors. Atlanta's leaders concluded, therefore, that a large and deep anchor collaborative would not be the right model for their city.

Instead of creating a program that convened the anchors, the community foundation decided to bring the community wealth-building approach to Atlanta, leveraging the purchasing power of anchor institutions to create worker-owned cooperatives. This "social enterprise" model could create a financially sustainable approach to alleviate poverty.[8]

The community foundation's first step was to create a nonprofit—the Atlanta Wealth Building Initiative (AWBI)—that could design programming in the community wealth-building model. Then, working closely with the Democracy Collaborative, the foundation set out to design a business venture around a shared procurement need across the local anchor. The foundation discovered that most anchors had a similar pain point—meeting their environmental sustainability goals in their food supply chain. With demand identified, a business plan was designed for a company that could produce locally grown lettuce and herbs. The venture, BetterLife Growers Inc., would have been a large-scale, for-profit hydroponic grower and packer of lettuce and herbs for institutional food service operations, wholesale produce distributors, and food retailers in the Atlanta region.

The foundation secured advanced purchasing letters of intent from a number of large hospitals and universities, including Emory University, Georgia Institute of Technology, Georgia State University, and Piedmont Hospital. The foundation selected a high-poverty neighborhood—Mechanicsville—as the potential location of the greenhouse. The neighborhood had 38 percent of residents living below the poverty line, and 32 percent lacked a high school diploma. The facility would have employed 25 to 40 people and offered them soft and hard skills training plus the wealth-building opportunity of owning equity in the company.

The business planning stages took place during the recession; however, by the time the venture was looking for funding and trying to establish operations, the local economy had begun to grow robustly again and land acquisition costs began to rise. These changed economic conditions made funding and site selection for the greenhouse more challenging than originally anticipated. BetterLife Growers tried to raise subsidized capital from Community Development Block Grants and New Markets Tax Credits. For social enterprises, having the right debt and equity investors is critical to helping the

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[8] In a social enterprise, an organization tries to achieve both financial and social returns by applying business principles to solve social or environmental challenges. This business approach can help make an intervention more financially sustainable or scalable, in theory, as it has the ability to attract private capital instead of being wholly dependent on charitable donations or government grants as a source of funding. Social enterprises can be for-profit or nonprofit entities.

company balance purpose and profit. However, fundraising from these subsidized sources can take longer than fundraising from profit-maximizing investors. By the time AWBI had secured the capital from those sources, it then faced a problem common to growing markets like Atlanta—the real estate market had shifted dramatically in the targeted neighborhood. The two different sites identified for the greenhouse were no longer viable because real estate values had suddenly increased.

As a result, the foundation decided in early 2018 to cease operations for BetterLife Growers. However, the overall effort had successfully shifted the local philanthropic conversation toward an interest in community wealth building. The Kendeda Fund and the Annie E. Casey Foundation decided to step in and work with the community foundation on further AWBI programming, but moved away from an anchor institution framework. Under this new leadership structure, the philanthropic collaborative has decided to retain a focus on the city of Atlanta and to target its programming on addressing the racial wealth gap. Interview subjects noted that future programming is still under development. The funders have started with a community engagement strategy both to establish community buy-in for future programming and to identify community assets to better connect to the region's economic generators.

Atlanta stands as a useful case study of barriers that may make anchor strategies hard to deploy. First, anchor programs that try to create new companies must have a high-risk tolerance, given the high failure rates that come with entrepreneurial ventures. Even Cleveland had to redesign its cooperatives after a few years to make them financially viable (Brodwin, 2016). Additionally, raising capital is hard for all entrepreneurs, and social enterprises can face unique challenges balancing social and for-profit investment capital.

Second, Atlanta attempted to take a model developed in a distressed market like Cleveland and apply it to a growing market. New Orleans and Cleveland share a similar experience as cities—both have experienced population loss and lack the presence of large Fortune 500 companies. Atlanta, by contrast, is a growing metropolitan region that has a more highly diversified regional economy with many large corporate headquarters. While anchor programs have been launched in some growing cities, like Denver and Minneapolis, research has not yet been published to examine how anchor programs may differ in higher-growth metropolitan areas compared with lower-growth ones. In a higher-growth region, community development projects that have a real estate component may find the market turn quickly, as the city of Atlanta suddenly experienced after 2013 when real estate values rose significantly in some formerly distressed neighborhoods.

Third, the difficulties of launching or sustaining anchor programs without a health care or educational institution being directly adjacent to a highly distressed community remains an open question for the anchor institution field. The earliest and most enduring anchor programs—both single neighborhood and neighborhood collaboratives—all shared geographical proximity between the anchor institutions and the targeted communities. In interviews, skeptics pointed to Syracuse now pivoting away from its anchor program as an example of how programs may lack durability without geographic proximity.

Finally, Atlanta demonstrates the important role local placed-based foundations play as innovators and risk takers in local community economic development systems. The community foundation took bold steps to try to bring two new community economic development practices into Atlanta—community wealth building and social enterprise. Two other place-based funders in Atlanta—

the Kendeda Fund and Annie E. Casey Foundation—are now continuing that work and have been able to learn from the community foundation's experience. Moreover, the community foundation is continuing its work in social enterprise, with the launch of a $10 million impact-investing fund in 2018 that can offer low interest loans to nonprofit and for-profit organizations. Therefore, while Atlanta was unable ultimately to launch an anchor program, the effort has served as an important learning opportunity for local philanthropy.

Miami

While the Miami region had not fully launched an anchor program during the study period, it had started exploring the potential for anchor strategies in 2016. Miami considered the Type III inclusive growth collaborative framework, with local philanthropy convening multiple hospitals and universities to address economic inclusion issues across both Miami Dade and Broward counties. Two local foundations, the South Florida Health Foundation and the Citi Foundation, championed the effort.

The health foundation's interest in anchor strategies came as an outgrowth of its focus on addressing the region's social and economic drivers of health, commonly referred to as the social determinants of health.[9] Leading health care institutions, such as Kaiser Permanente in California and Bon Secours Health System in Virginia, had deployed anchor strategies to improve community-wide health indicators. The health foundation wanted to see if health care and educational institutions in South Florida had the ability and interest in trying to adopt anchor strategies. Given the foundation's long-standing relationships with the local health care systems, it encouraged a few of the largest institutions to conduct a review of their current business practices. The review sought to identify opportunities and barriers to the institutions' ability to align with local community economic development needs. The institutions that participated in the assessment were Florida International University (FIU), University of Miami, Holy Cross Hospital, Memorial Healthcare System, Miami Dade College, and Baptist Health South Florida. The foundation conducted these assessments to help better understand where shared value may potentially exist between the local anchors and the region's low- and moderate-income communities.

At the same time as the health foundation was better understanding the needs of the anchors, it also tried to understand the local community economic development system. This outreach helped the health foundation identify the issues most important to low- and moderate-income communities and the strengths and weaknesses in the local community development system. This outreach included a workshop and a regional summit focused on anchor strategies and the social determinants of health.[10]

In parallel with the health foundation's work, Citi was embarking on a new strategy to focus on economic inclusion and shared prosperity. Working with FIU and Miami Dade County, the foundation funded an analysis of the prosperity gaps in the county that included a set of recommended strategies to improve economic outcomes for low- and moderate-income communities (Greiner and Murray, 2016). Based on this study, Citi decided to focus its work on strategies related to household asset development, small business promotion, and affordable housing. Citi had also come across anchor strategies in its scan of inclusive development strategies deployed nationwide, and was considering ways to adapt the model to the South Florida context. Rather than focus solely on economic assets—

[9] For more background on the link between health and social and economic disparities, see Fazili, 2017.
[10] The Federal Reserve Bank of Atlanta participated in both events as a cosponsor and speaker.

such as procurement, employment, and investment—Citi instead saw benefits in anchors leveraging their noneconomic assets in the Miami region. Interview subjects noted anchors' potential to help fill perceived weaknesses in the region's community development capacity. Hospitals and universities could serve as capacity builders, or they could provide an institutional backbone to support community economic development programming. The first program Citi invested in to test this idea of university as civic infrastructure was StartUP FIU FOOD, which had the university take an existing start-up accelerator program called StartUP FIU and tailor it to home-based food entrepreneurs. The entrepreneurs had access to the commercial kitchen at FIU's hospitality school as well as marketing and branding expertise from the university's professors and students. According to interviews, the program provided the university access to a new source of grant funding.

Realizing that their two strategies somewhat aligned, the South Florida Health Foundation and the Citi Foundation began to partner to test anchor strategies and concepts. As a result, the health foundation is in the process of establishing a technical assistance and grantmaking facility that can help the region's anchor institutions pilot anchor strategies. The primary focus initially will be on efforts that support job access for low- and moderate-income workers as well as procurement strategies for local small businesses. Similar to New Orleans, the foundation intends to work with institutions on a one-on-one basis, but also to keep institutions networked with one another so successful programs can be scaled or replicated across institutions. The health foundation broadly defines the term anchor institution to include school districts and local governments, not just health care and educational institutions. The health foundation is leading the effort, and it continues to look for partnership opportunities with other philanthropies. For example, J.P. Morgan Chase Foundation supported the launch of yet another variant of Startup FIU, this time focused on helping small businesses be ready for procurement opportunities with the local anchors.

While the Miami area is still in the very earliest stages of developing an anchor program, a few elements of its approach are of note. First, rather than see an anchor program as solely an economic inclusion strategy, in interviews local leaders saw it as a strategy to improve the region's overall economic resilience. Recognizing the highly cyclical nature of South Florida's economy, the leaders are testing whether deepening the ties between hospitals and universities and the regional economy could create sources of sticky capital that can improve long-term regional economic resilience (Greiner and Murray, 2016). Evidence of improved economic resilience across economic cycles would be seen at the economy-wide level, for example, through lower swings in jobs or employment growth, and at the household level, if the benefits of growth were more shared across income groups (Greiner and Murray, 2016). Second, the effort has a broad regional focus across two large counties. While the foundations have taken steps to identify ZIP codes in Miami Dade County that have the highest levels of distress, they have not yet selected a set of neighborhoods or ZIP codes in which to concentrate the anchor investments.[11] Finally, South Florida's philanthropic leaders are interested in leveraging the anchor's noneconomic assets to help compensate for weaknesses in the local community economic development system, rather than focusing primarily on the economic assets of the anchors. Whether anchors can be

[11] FIU's Prosperity study identified 14 neighborhoods that have the most distress and ranked them across a range of economic, education, and housing variables. The analysis was intended to help local leaders understand the different community and economic development needs these neighborhoods may have, and highlight the need for coordinated and integrated approaches to supporting access to opportunity for residents in these neighborhoods.

an effective provider of community economic development programs compared with community-based organizations or nonprofit providers remains unknown.

From Implementation to Impact

In this section, I examine the case studies in the context of the wider literature on anchor strategies to frame some questions practitioners might consider if they are interested in developing an anchor program in their region to address economic disparities or promote inclusive economic development.

Who leads the anchor program?

The case studies included two different leaders of the local anchor programs—philanthropy and local government. Atlanta and Miami are similar, with local philanthropy being the backbone organization and catalyst of the program. In Miami, two philanthropies joined to create the local program, whereas Atlanta had a single philanthropy leading the way. New Orleans, in contrast, was led by local government, which then partnered with local philanthropy to run the program.

For local government-led anchor efforts, some unique questions of continuity may arise. These include whether the elected official will remain committed to an anchor program throughout his or her tenure, and the ability of the program to survive a change in elected leadership. Absent leading a program, local governments can still serve as an important resource to anchor programs, providing access to public funding in areas such as workforce development, affordable housing, and small business promotion or to use their bully pulpit or convening power to encourage anchors to participate voluntarily in the program.

Across each of the case study sites was a common need to recruit anchors actively to participate in the effort. In no location did the anchor institution decide on its own to engage in an anchor strategy. In Atlanta, philanthropic leaders assessed that conditions were not right for the institutions to provide senior leadership in support of an anchor program, and therefore they designed a strategy that targeted senior procurement officers instead of university presidents or hospital chief executive officers. New Orleans employed a two-tiered strategy: first, convening the chief executives, and second, staffing the anchor institution table with the people who would implement the program at each institution. Subsequently, senior leadership meetings were used sparingly when needed to secure larger commitments. In Miami, the philanthropic leaders worked to cultivate internal champions at the various institutions to support implementation of specific programs, but they also engaged senior leaders to cultivate their support for deeper or wider anchor strategies. Researchers contend that buy-in from senior leadership is essential to the success of an anchor program; however, it is not sufficient for program success. If middle managers are not motivated to participate, then implementation may ultimately be hampered (Pease, 2017).

Go big or go small? The impact of geographic scale on anchor programs

In the first section, I noted that anchor programs may choose different geographic scales on which to operate—neighborhood, city, or regional. The case studies each had programs that operated on one of these scales, with Atlanta focused partially at a neighborhood level, New Orleans citywide, and Miami a two-county regional area. Notably, none of the case studies included a targeted area that was adjacent to the anchor.

In interviews and across the research literature, geographic focus affected many parts of an anchor program's design. First, it can influence a specific institution's motives for participating in a program. Some institutions may be motivated to have an impact on a neighborhood adjacent to their facilities, while others may prefer to provide support that is more diffuse across a region. Measures of proximity may be slightly different for universities and hospitals. Hospitals may have a geographic interest in their entire service area, not just the areas adjacent to their facilities. Community economic development programming may allow a hospital to drive down uncompensated care rates, improve insurance coverage rates, or target high utilizers of care across the ZIP codes where many of their patients live.

The geographic focus of an anchor program may also influence the balance of its programming between people- and place-based community economic development strategies. In the case studies, the two places that had a diffuse geographic scale focused on people-based workforce development and small business strategies, and have not considered real estate–based strategies. In contrast, anchor programs that have been neighborhood focused have included real estate interventions, like homebuyer incentive programs or blight reduction.

Finally, geographic scale can also influence how an anchor program is evaluated and the impact it may have. Concentrating investments in a smaller geography could lead to larger and faster results, as the University of Pennsylvania saw in its effort. It may be harder to move a needle on citywide or regional economic disparities unless the anchor program generates substantial investments. The metrics an anchor program tracks may also be influenced by scale. A neighborhood-based approach may look to measure neighborhood income levels or deconcentration of poverty, while people-based programs may instead try to measure numbers of low-income people who accessed living-wage jobs or population health-level outcomes.

Go it alone? The efficacy of single- versus multianchor initiatives

In the case studies, each place answered the question of single- versus multianchor strategy in a slightly different manner. Atlanta was explicitly multianchor in its approach, rather than focused on one institution. New Orleans and Miami were a bit of a hybrid. While New Orleans has convened an anchor table to bring all the institutions together, in practice New Orleans had success by working with one institution at a time. However, having a multianchor table has allowed it to scale and replicate successful pilots more readily. Similarly, Miami is working one-on-one with individual institutions, but looking for opportunities to share learnings or deploy the same programs or technical assistance across multiple institutions. The research literature and interviews also noted a trade-off between single- and multianchor strategies. Multianchor strategies can be slower to launch, and they may require a greater administrative infrastructure than single-anchor strategies. However, multianchor strategies also have the potential to have a larger economic impact or scale up quicker (Pease, 2017). Atlanta, for example, needed the combined investment power of multiple institutions to provide the requisite contracting revenue for its proposed social enterprise.

Does corporate structure affect anchor engagement?

As leaders assess whether their local hospitals or universities might be well suited for an anchor program, two institutional-level variables to consider are the institution's ownership and tax status (Taylor and Luter, 2013; Zuckerman, 2013). Whether an institution is publicly or privately owned may have an effect on its ability to participate in an anchor strategy. Table 3 offers a snapshot of the number of public and private colleges in the southeastern U.S. states that are in the Federal Reserve Bank of Atlanta's district. Florida, Georgia, and Tennessee have many more private colleges, compared with the national median; Mississippi has far fewer. Private universities like the University of Pennsylvania were early leaders in developing anchor programs. However, public institutions—such as the University of Texas–Rio Grande Valley and Wayne State University in Detroit—have participated in anchor programs, so public status does not preclude participation in an anchor strategy. However, the regulatory mandates of a public university need to be well understood to assess an institution's ability to participate in particular anchor strategies. Public institutions may face controls and oversight by statewide governance bodies, which may affect their ability to control decision making related to operational matters such as real estate investment, hiring policies, or procurement decisions that are often the focus of anchor programs. These institutional limits on autonomy vary from state to state and even city by city. Anchor program advocates must understand them as they consider whether to engage private institutions, public ones, or both in an anchor program. These regulations may not necessarily limit an institution's ability to serve as an anchor. In procurement, for example, state law may prohibit or require the public universities to establish disadvantaged business or supplier diversity programs.

Table 3: Number of Private and Public Four-Year and above Colleges and Universities in the Southeast (2017)

States	Number of Private Colleges	Number of Public Colleges
Alabama	20	14
Florida	60	41
Georgia	36	29
Louisiana	13	17
Mississippi	9	8
Tennessee	44	10
National Median	19	10

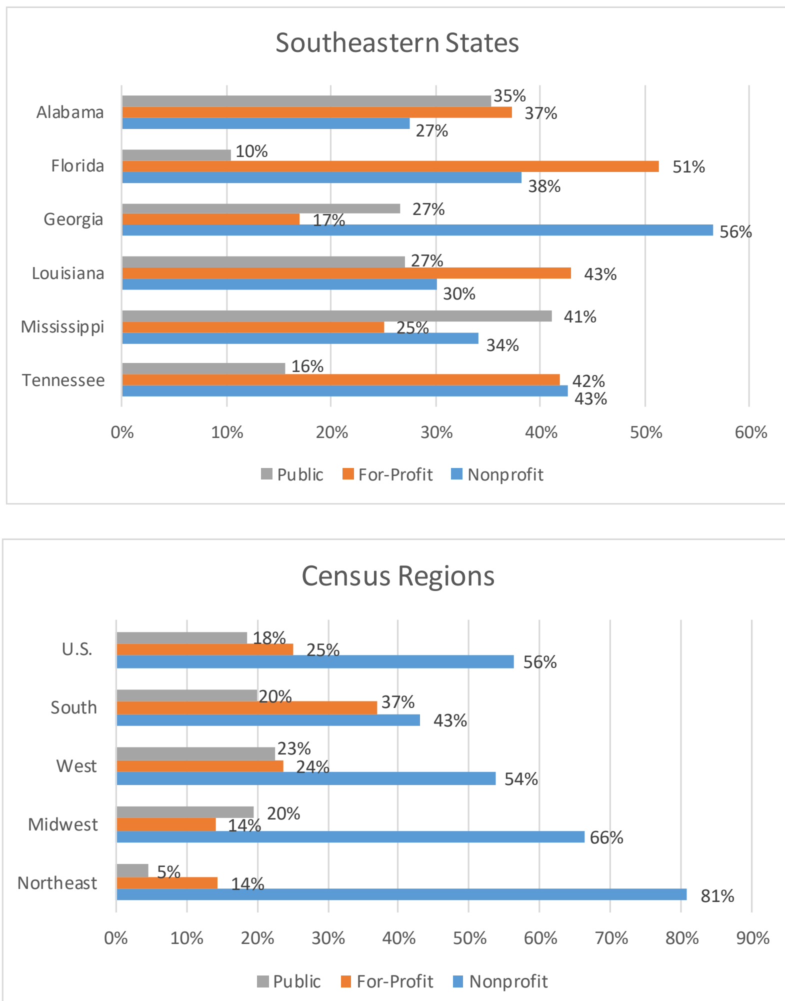
Source: Federal Reserve Bank of Atlanta calculations based on Integrated Postsecondary Education Data System, 2017

For hospitals, not only ownership but also the tax status of the institution may affect the hospital's motivation for participating in an anchor program. Many hospitals that have been engaged in anchor strategies have been nonprofits, including academic hospitals and large health systems. As discussed in the first section, this is due in part to the tax-related regulations that require nonprofit hospitals to make financial and public health–related investments in their local communities.[12] For-profit hospitals may lack the same mission and tax incentives that serve as an incentive for nonprofit hospitals

[12] For more information on these tax incentives, which include Community Benefit spending rules and Community Health Needs Assessment reporting obligations, see Fazili, 2017 and Rosenbaum, 2016.

to engage in anchor strategies (Kleiman et al., 2015; Zuckerman, 2013). However, anchor advocates might consider whether for-profit hospitals would participate in anchor programs if they would help reduce uncompensated care or improve the hospital's insured patient population. This question of the ability of nonprofit versus for-profit hospitals to engage in anchor strategies is particularly relevant to the Southeast, where a high percent of hospitals are for-profits, especially when compared with other regions of the country (see figure 1).

Figure 1: Variation in Hospital Ownership by Region



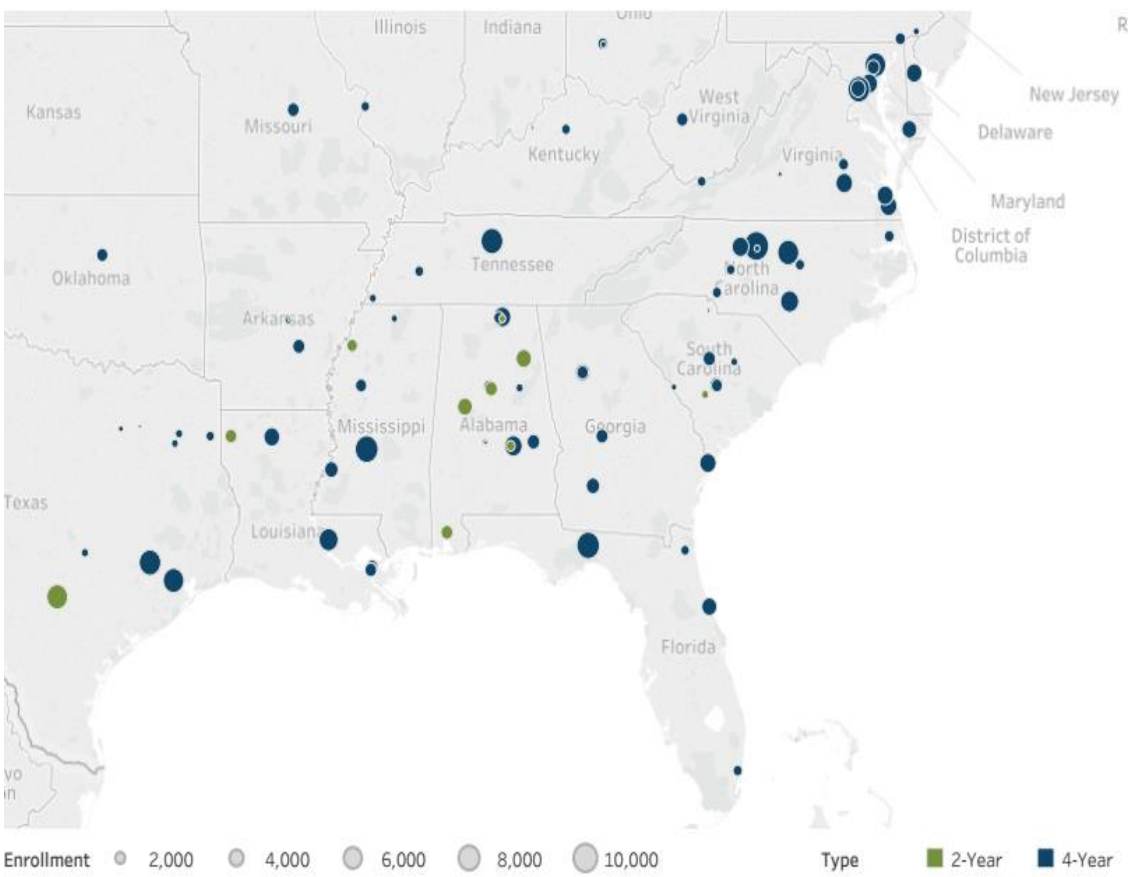
Source: Author's calculations based on Kaiser Family Foundation data on "Hospitals by Ownership Type" (2017); States in each census region are West (AK, AZ, CA, CO, HI, OR, MT, NM, NV, UT, WA, WY), Midwest (IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI), South (AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV), and Northeast (CT, MA, ME, NH, NJ, NY, PA, RI, VT)

How do you determine what the community's priorities are?

The research on anchor institution strategies often underscores the importance of understanding historical context and developing a robust community engagement process as part of the development of an anchor program (Pease, 2017; Porter, Fisher-Bruns, and Pham, 2019). As discussed in the first section, in order for an anchor program to advance economic inclusion, and not just economic development, the program needs to find an alignment between the community's priorities and the anchor institution's. Understanding community priorities requires an intentional community engagement strategy. This is not necessarily an easy task. Universities may have a history of intentionally walling themselves off from the surrounding communities, be implicated in failed urban renewal policies that left their surrounding communities blighted, or opportunistically expanded on the heels of the urban crisis at the expense of the community (Ehlenz, 2016; Kleiman et al., 2015). This history can affect the community's willingness to trust anchor program leaders.

Interviews revealed different community engagement strategies by anchor leaders. In New Orleans, the workforce development pilot partnered with a trusted community-based organization to host the first training program. In Miami, roundtables, workshops, and conferences provided opportunities for community-based organizations to discuss their priorities and needs. Several interview subjects noted that disinvested communities suffer from being oversurveyed and overstudied, without seeing tangible outcomes from these processes. Recognizing that, one interview subject suggested pairing small, community-allocated grants in tandem with community planning exercises as a trust-building measure.

Figure 2: Map of HBCUs by Institution Type and Enrollment



Source: Federal Reserve Bank of Atlanta calculations based on Integrated Postsecondary Education Data System, 2017
Note: Enrollment measures full-time equivalent enrollment.

Engaging historically black colleges and universities?

In each case study location, historically black colleges and universities (HBCUs) were a part of the local university landscape. However, New Orleans was the only city explicitly to engage an HBCU, by contracting with an HBCU professor to provide technical assistance to small businesses. Academic literature on anchor institutions makes scant reference to HBCUs as anchor institutions or their potential to become engaged in anchor strategies. As local leaders in the Southeast consider adopting anchor programs, the question of HBCU engagement deserves further scrutiny, since the Southeast is home to 46 of the 101 HBCUs (see figure 2).

Supporting economic improvements in the surrounding community is not entirely new to HBCUs. Morgan State University in Baltimore, for example, created the Morgan Community Mile initiative in 2012, to improve quality of life in its surrounding neighborhoods. The initiative has five priority areas, including public safety and economic development.[13] Hope Enterprise Corporation in Mississippi ran a pilot project in 2018 with two public HBCUs in Mississippi, Jackson State University and Mississippi Valley State University, to study how the two could become engaged in place-based development strategies as anchor institutions. Based on that work, Hope is creating a strategy guide that will outline lessons learned, best practices, and resources for HBCUs and CDFIs that want to improve economic mobility outcomes for HBCU stakeholders and surrounding communities (Lawson et al., 2019).

There are several reasons HBCUs might be good candidates for local anchor programs. First, many HBCUs are located in economically distressed neighborhoods that could make good targets for an anchor program (see table 4). HBCUs are, on average, located in neighborhoods with higher poverty rates, lower median incomes, and lower labor force participation rates than non-HBCUs. Additionally, for anchor programs that are interested in addressing racial equity issues, HBCUs may be a helpful partner. HBCUs are on average located in census tracts that are predominately minority, especially when compared to non-HBCUs (see table 4). Prior to the 1970s, HBCUs were almost the only source of higher education for African American communities in the South. Therefore, their alumni associations often include leading African American business owners, professionals, and civic leaders. In this way, HBCUs

Table 4: Profile of Neighborhoods for HBCUs versus Non-HBCUs

	Poverty Rate	Median Household Income	Labor Force Participation	Unemployment Rate	Share of Minority Residents
HBCU	31.3%	$37,380	50.3%	14.0%	76.5%
Non-HBCU	18.9%	$58,450	57.9%	7.0%	28.2%

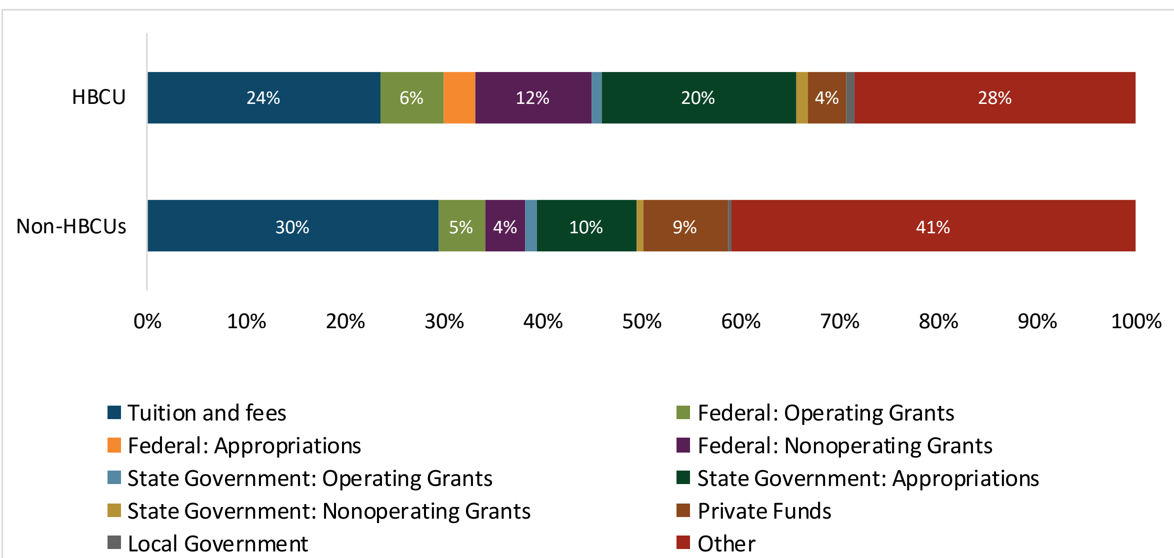
Sources: Federal Reserve Bank of Atlanta calculations based on Integrated Postsecondary Education Data System, 2017; U.S. Census Bureau's 2013–17 American Community Survey five-year estimates, tables S1701, S2301, DP05, and B19013
Note: All numbers are weighted averages of four-year, not-for-profit institutions. Neighborhoods are delineated by census tract(s) in which the institution is located.

[13] More information on Morgan Community Mile is on the initiative's website.

can help serve as sources of bridging social capital to help conduct outreach to African American communities. Finally, some HBCUs have community development corporations or applied research capacities, and therefore can help administer anchor programs.

It is not a foregone conclusion, however, that HBCUs have a role to play in anchor strategies. HBCUs were organized, in part, to address the educational and economic advancement needs of former slaves following the Civil War. In some instances, the founders were prominent members of local African American communities. In a Jim Crow America, many HBCUs came to be key pillars in their respective African American communities, with a strong community service mentality embedded in the school's mission (Lovett, 2011). Following the desegregation of higher education institutions and the 1964 Civil Rights Act, HBCUs entered a new era of uncertainty regarding their role in addressing racial disparities in education (Wilson, 2010). Furthermore, as legal barriers to housing segregation were eliminated, HBCUs saw many of their surrounding residential neighborhoods become more impoverished and blighted (Lovett, 2011). In addition, some HBCUs have small endowments and a heavily public-sector-dependent funding model (see figure 3). As a result, HBCUs may not necessarily have the financial ability to adopt anchor programs. Nonetheless, given the role HBCUs play in the higher education landscape in the Southeast, and their legacy as important institutions in many African American communities in the region, local leaders may want to consider whether HBCUs could become part of local anchor programming.

Figure 3: Revenue Sources for HBCUs versus Non-HBCUs



Source: Federal Reserve Bank of Atlanta calculations based on Integrated Postsecondary Education Data System, 2017

Conclusion

Civic leaders continue to look at anchor institutions as a potentially sustainable inclusive economic development strategy. The model was first developed in postindustrial cities in the Northeast and Midwest as an economic development strategy, but now is being deployed by local leaders to support economic inclusion and to close economic disparities. Little has been written about attempts to apply this strategy in the Southeast. This paper seeks to close the gap in the anchor institution literature by offering case studies of three southeastern cities that attempted to apply the model.

Anchor strategies have been compelling to many local leaders because the programs do not rely solely on public or philanthropic capital, but instead try to redirect existing or future business spending to address community economic development concerns. These dollars are a durable source of funding for community economic development projects because, unlike other private businesses, the anchors are unlikely to change location. Beyond the financial sustainability of the model, anchor strategies also offer an avenue to create partnerships between the public, private, and nonprofit sectors. Many community economic developments experts see these so-called cross-sector partnerships as a best practice (Andrews and Erickson, 2013; Briggs, Pendall, and Rubin, 2008; Rich, 2001).

New Orleans, Atlanta, and Miami all were at different stages of program design when I conducted these case studies, and they have achieved different levels of results with their respective programs. Nonetheless, the southeastern leaders studied faced many similar operational and design questions as do anchor leaders in other parts of the country. This includes finding a backbone organization to lead the program, developing a community engagement process, identifying overlapping priorities between the anchors and the community, and recruiting anchors to participate in the program. The case study locations diverged in certain ways from the experience of many of the earlier single-neighborhood and neighborhood-collaborative anchor programs. First, in all three cities studied, the anchor institutions were not geographically proximate to one another or to economically distressed neighborhoods. Furthermore, small business and workforce development were the primary focus of the three programs. Real estate and financial investments were not prioritized, unlike the single-neighborhood and neighborhood-collaborative anchor programs. Finally, and possibly more unique to the Southeast, is the presence of HBCUs in the higher education landscape and for-profit hospitals in the health care market. Southeastern leaders may need to consider whether and how to engage either set of institutions in local anchor strategies.

As researchers continue to study anchor strategies as a community and economic development tool, many open questions remain. First and foremost is the programs' effectiveness. There have been few in-depth studies of anchor programs to measure whether they are resulting in economic improvements for low- and moderate-income households, or analyses to determine if the anchor program was the cause of economic improvements for these households. Furthermore, there has been little empirical analysis documenting the extent anchor programs leverage private investment alongside philanthropic and public funding. With recent improvements in performance measurements for the field, there may be more opportunities in the future to conduct such research. This data can help guide practitioners as they consider whether anchor programs are particularly effective at addressing housing, small business, workforce development, or household financial stability challenges. Another question that deserves more detailed analysis is what factors can help predict a more successful anchor program. This may include an analysis of institution-level variables—like net assets or endowments—and regional-level variables like industrial composition, population size, and poverty rate.

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