New York City's Anchor Institutions: From Social Responsibility to Shared Value

Gracie Mansion
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Initiative for a Competitive Inner City

The Opportunity

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Anchor Institutions

Anchor institutions are large institutions, typically educational, medical or cultural, that are deeply rooted in their local geographies and that play an integral role in the local economy

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- The nation is experiencing the effects of **economic decline**; distressed urban communities in particular need support

- Anchor institutions are often **located in or adjacent to inner city** neighborhoods and rely on these neighborhoods to support their reputation and operations

- Significant opportunities exists for anchor institutions to **create shared value** with their local communities

- Many of New York's higher education institutions have **already worked hard** to improve the economic conditions in local communities

- The City is here to find out **how it can better support** these efforts

Goals for Today's Session

- Discuss a **common framework** for anchor impact in their local communities

- Identify where anchors are **performing well** in economic revitalization, and where **opportunities exist**

- Share **best practices examples** across institutions

- **Identify opportunities** for the creation or expansion of New York City programs that enable anchors to have **greater impact locally**

Leading Anchors Recognize Shared Value Opportunities with their Communities
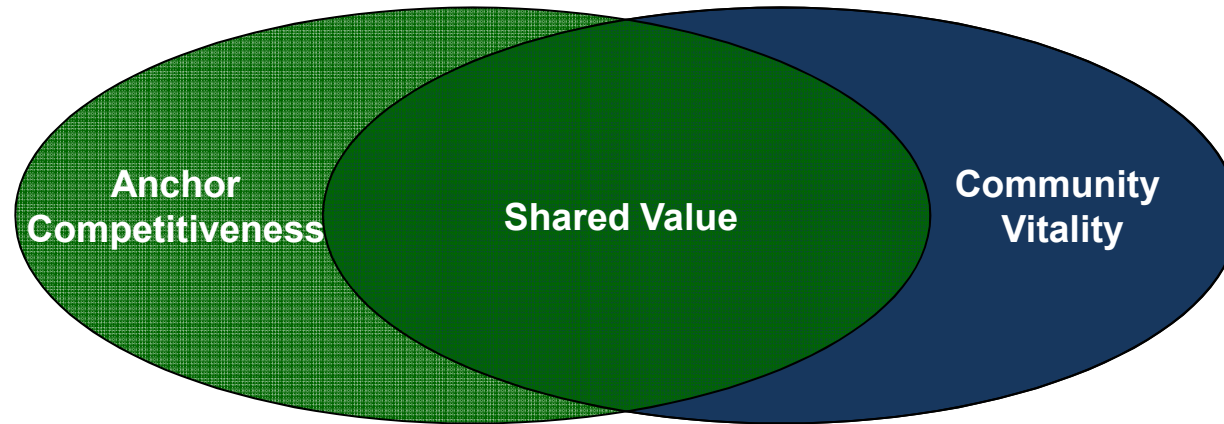
- Anchor institutions are **inextricably linked** to their surrounding communities

- Anchor institutions **depend on a healthy community** to provide a positive environment for students and staff and a strong business community to support its operations. Engaging with community also allows for improved reputation, community relations, and applied learning opportunities

- A healthy community **depends on strong anchors** to provide jobs, purchase local goods and services, improve local infrastructure, and support its education, health, and social needs

- There is long-term **shared value** between anchors and their communities

Anchor Institutions and the Community: Evolving Thinking

From: Focus on Social Responsibility

Anchor Competitiveness

- **"Moral obligation"** for good citizenship

- **Defensive**: placate the critics
- **Separate** from core operations

- An **extra** cost

- Produce **economic impact** reports based on spending

To: Creating Shared Value

Anchor Competitiveness

- Community viability is an **important** driver of quality of life for students and staff which affects hiring and recruiting

- **Integral** component of the anchor's overall strategy

- Improve **effectiveness** of purchasing, real estate development, and core activities

- Measure the **direct impact** of activities on both anchor competitiveness and community vitality

Creating Shared Value Example:
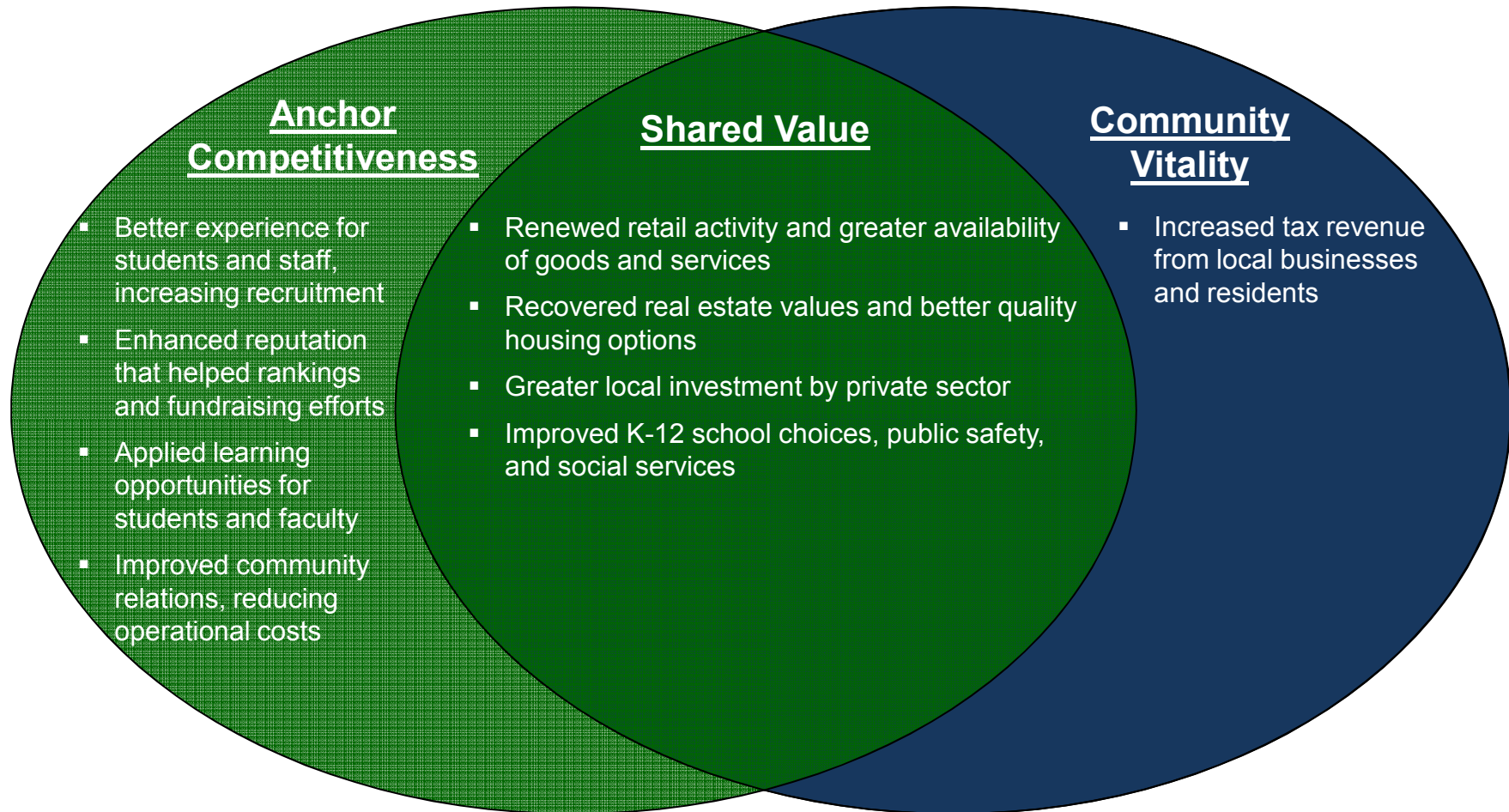# The University of Pennsylvania and West Philadelphia

- In the mid-1990s, University of Pennsylvania suffered because West Philadelphia was unsafe and economically blighted

- Over the decade, President Judith Rodin led the University to improve the long-term social and economic health of West Philadelphia and enhance the university's competitiveness

- UPenn anchored the development efforts, collaborating with key community stakeholders. These efforts have produced demonstrable improvements for both the city and university
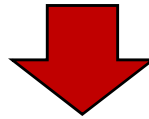
- *"Today Penn celebrates its ongoing transformation into a world-class urban research university that is nourished by the neighborhood it helped to develop and revitalize"*

- *"…the University's engagement as urban developer has played a critical role in enhancing Penn's academic reputation…our investment in West Philadelphia paid strong academic dividends."*

Judith Rodin, 2007

Creating Shared Value Example:
The University of Pennsylvania and West Philadelphia

Anchor Competitiveness

- Better experience for students and staff, increasing recruitment
- Enhanced reputation that helped rankings and fundraising efforts
- Applied learning opportunities for students and faculty
- Improved community relations, reducing operational costs

Shared Value

- Renewed retail activity and greater availability of goods and services
- Recovered real estate values and better quality housing options
- Greater local investment by private sector
- Improved K-12 school choices, public safety, and social services

Community Vitality

- Increased tax revenue from local businesses and residents

NYC is a College Town

- NYC is home to 550,000 students; one in 15 residents is a student

- NYC hosts over 100 colleges and universities, and these anchors are major contributors to the local economy

- NYC colleges and universities spend an estimated $17 billion annually and employ 3.3% of NYC's workforce

College and University Enrollment by City (2009)

Total students
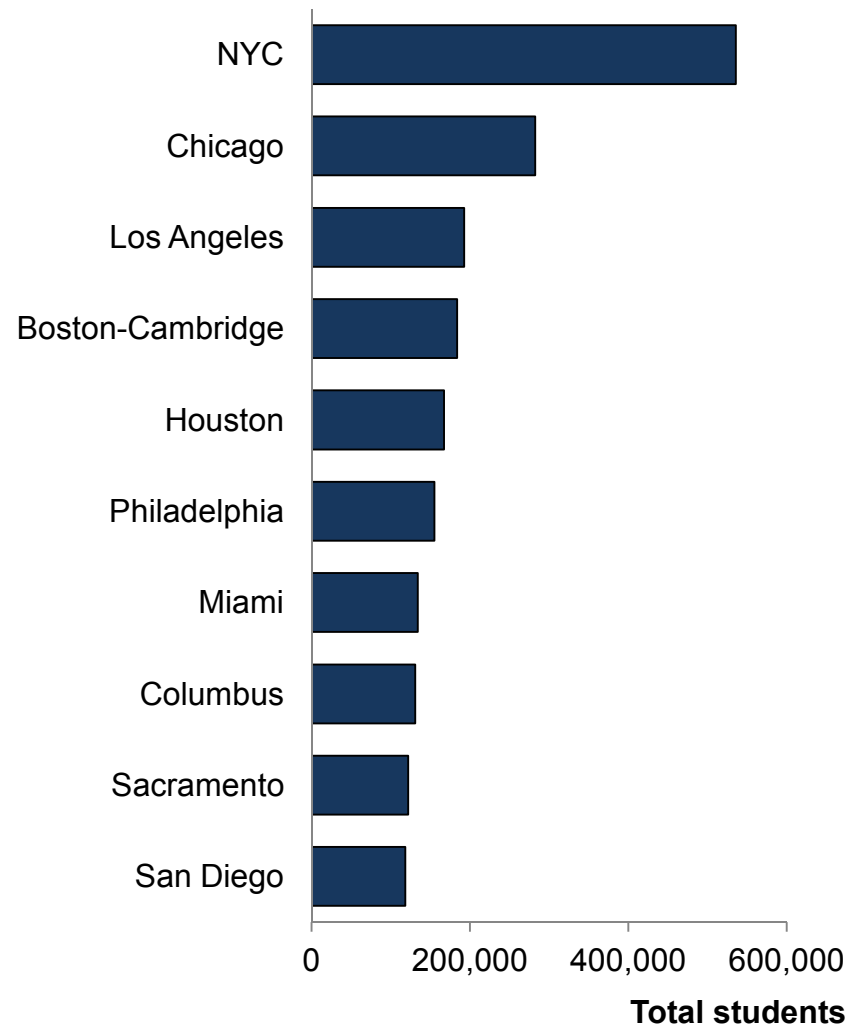
New York City is Home to Over 100 Degree-granting Postsecondary Institutions, Many Located in or Near Low Income Communities
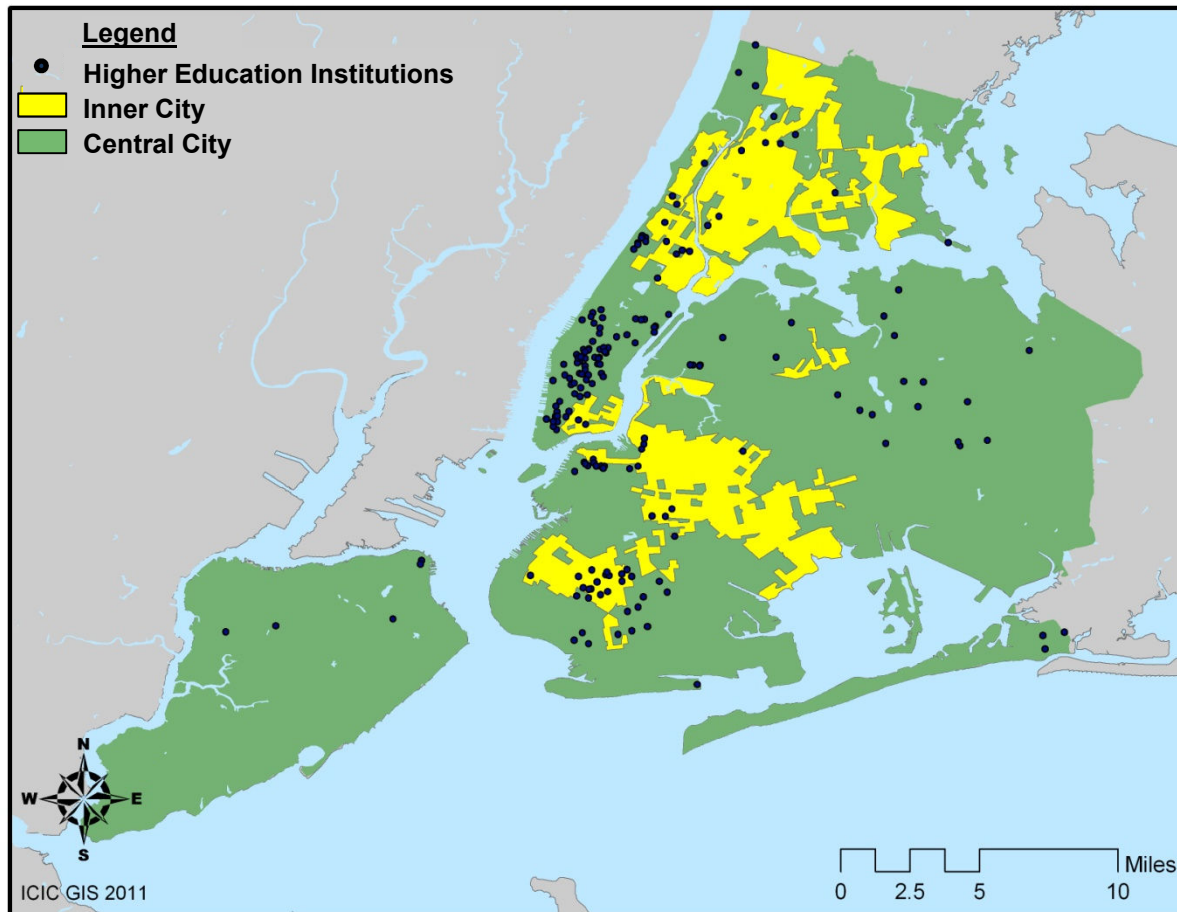

Legend
- Higher Education Institutions
- Inner City (yellow)
- Central City (green)

ICIC GIS 2011

Miles: 0   2.5   5   10

- 51% of NYC colleges and universities are located in or adjacent to the inner city. 69% in or within 1 mile

- Because of NYC's extremely accessible transportation system, even anchors in higher income areas have strong links to inner city economies

WHAT IS AN INNER CITY?

Contiguous census tracts in cities that are economically distressed, with:
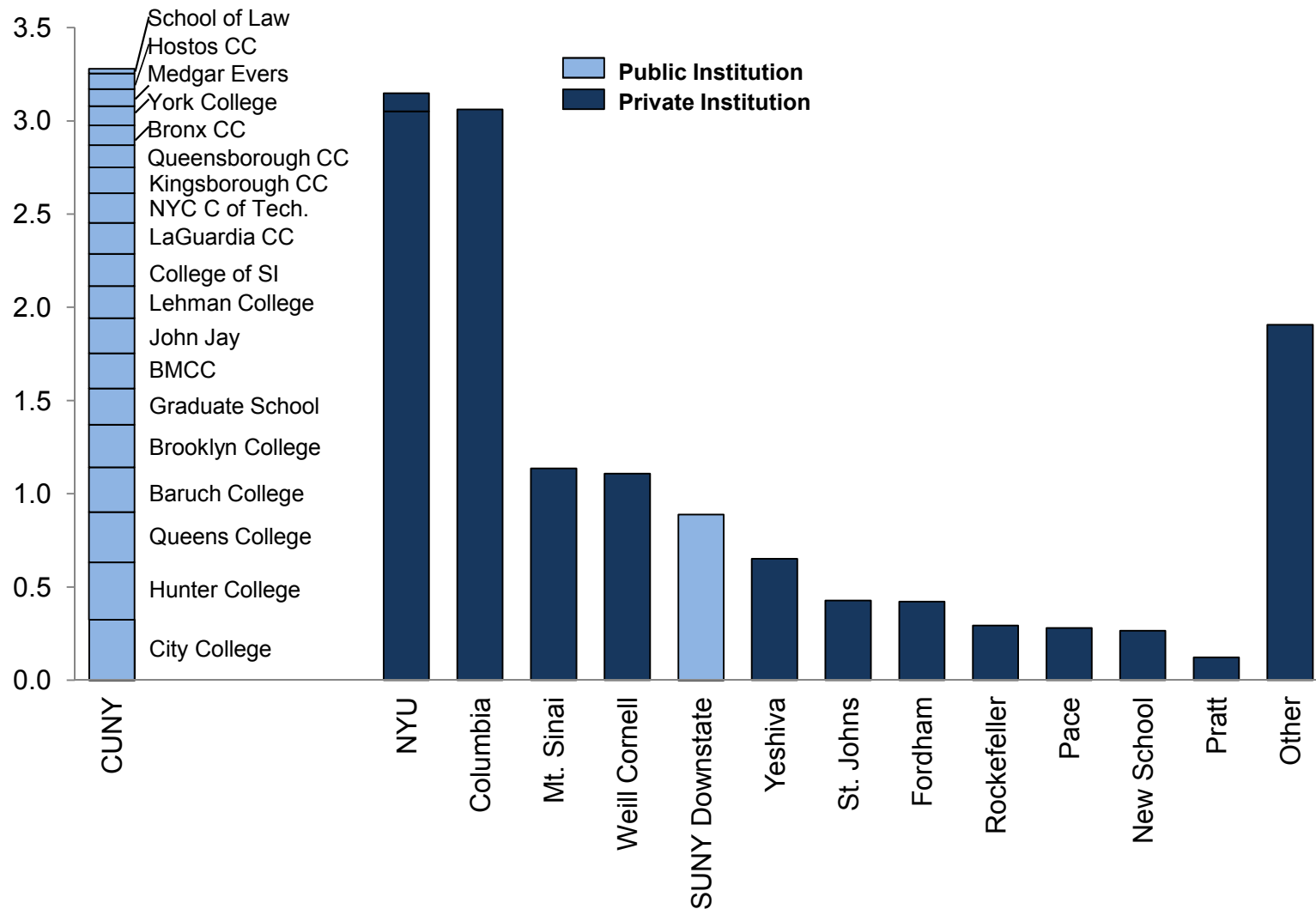
Poverty rate 20% or higher
or
Two of three other characteristics:

1. Poverty rate 50% higher than the region
2. Median household income 50% lower than the region
3. Unemployment rate 50% higher than the region

Note: Inner City definitions are drawn using demographic data from 2005-2009.
Source: National Center for Education Statistics (NCES), ICIC Analysis

NYC Higher Education Institutions Spend $17B Annually

New York City College and University Spending

Total Budget (2008-2009 FY, $B)

CUNY bar components (top to bottom):
School of Law, Hostos CC, Medgar Evers, York College, Bronx CC, Queensborough CC, Kingsborough CC, NYC C of Tech., LaGuardia CC, College of SI, Lehman College, John Jay, BMCC, Graduate School, Brooklyn College, Baruch College, Queens College, Hunter College, City College

Legend:
- Public Institution
- Private Institution

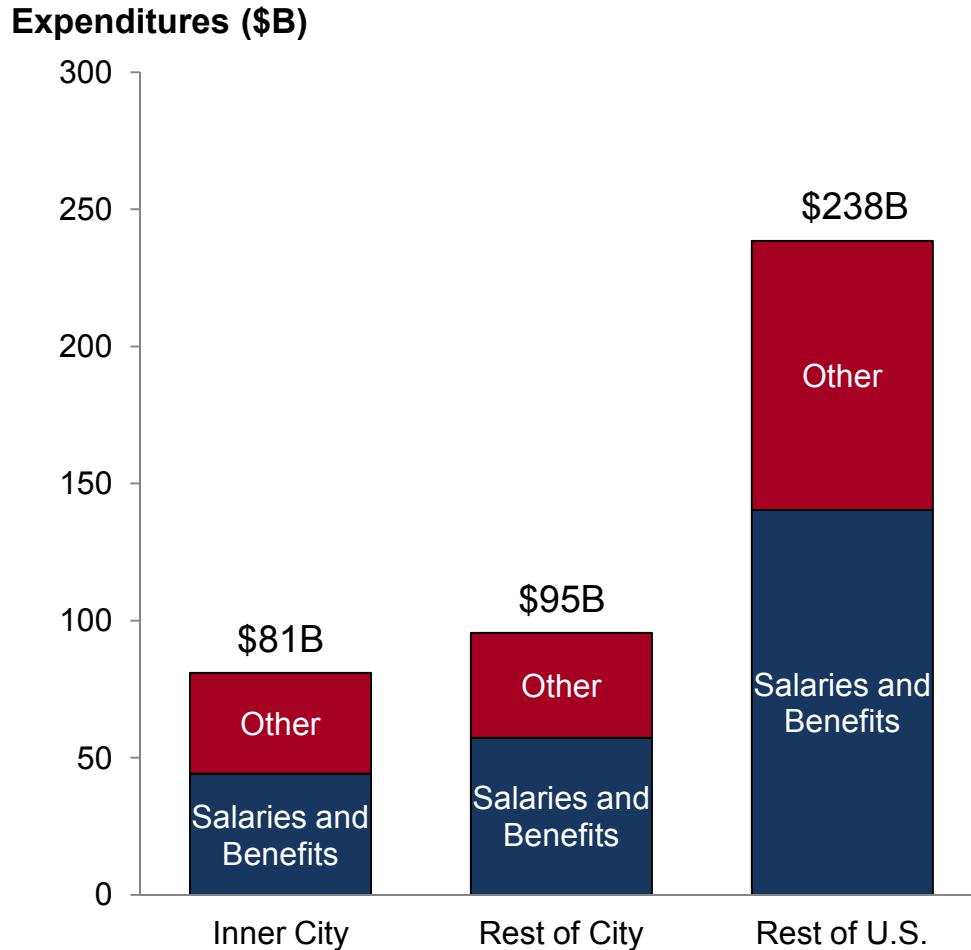X-axis categories: CUNY, NYU, Columbia, Mt. Sinai, Weill Cornell, SUNY Downstate, Yeshiva, St. Johns, Fordham, Rockefeller, Pace, New School, Pratt, Other
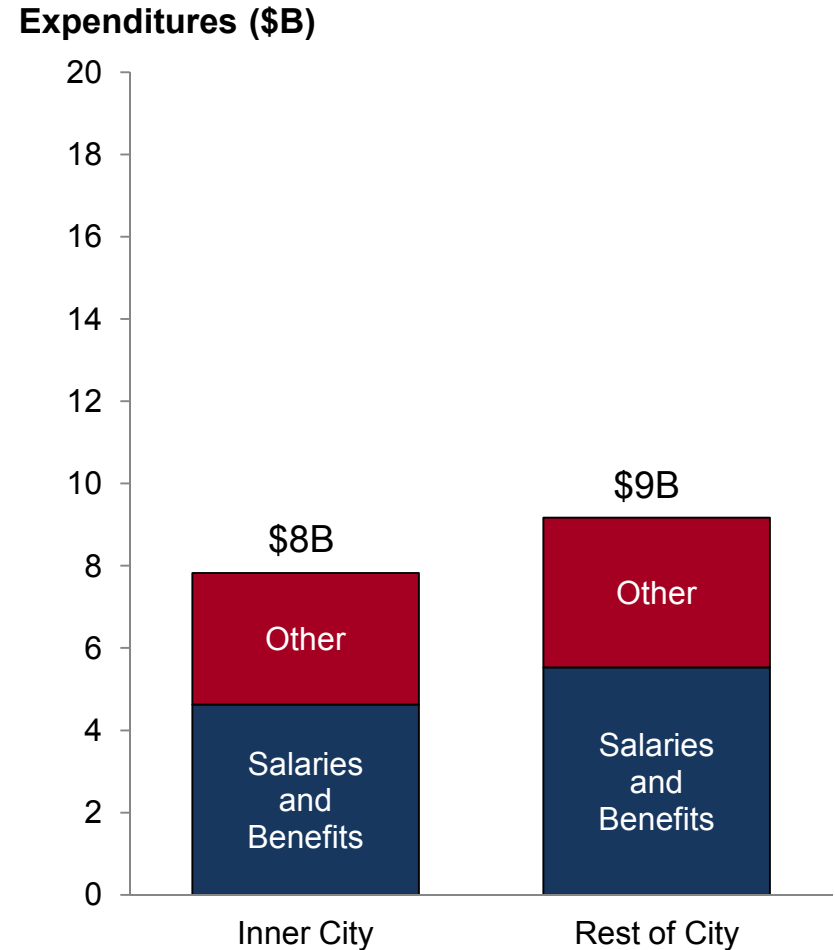
Note: Includes only degree-granting 2-4 year institutions
Source: National Center for Education Statistics (NCES), ICIC Analysis

Anchor Institutions are Significant Purchasers

College and University Expenditures: National (FY 2009)

College and University Expenditures: New York City (FY 2009)

Expenditures ($B)

National (FY 2009) chart:

- Inner City: **$81B** — Salaries and Benefits (blue), Other (red)
- Rest of City: **$95B** — Salaries and Benefits (blue), Other (red)
- Rest of U.S.: **$238B** — Salaries and Benefits (blue), Other (red)

New York City (FY 2009) chart:

- Inner City: **$8B** — Salaries and Benefits (blue), Other (red)
- Rest of City: **$9B** — Salaries and Benefits (blue), Other (red)
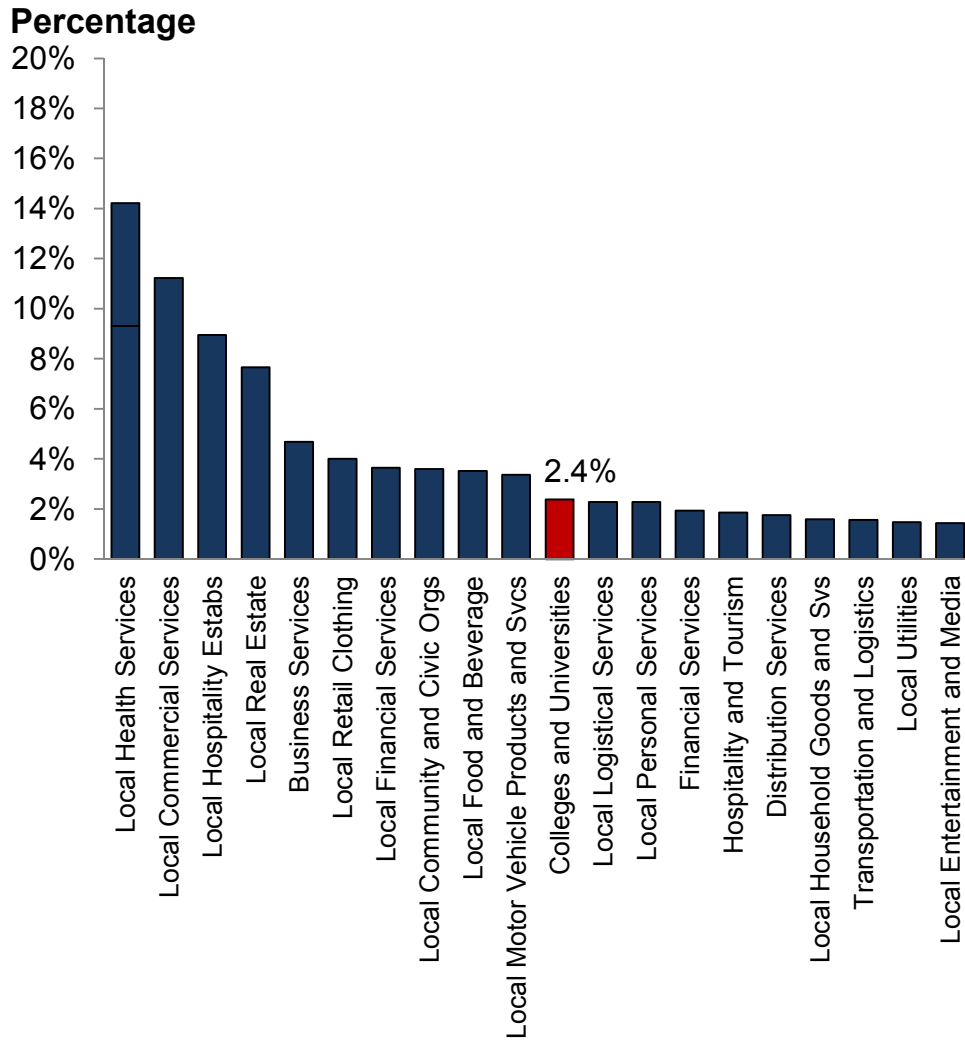
Note: [1]Includes only degree-granting 2-4 year institutions. Based on the headquarter location of each institution (Inner City, Central City) using demographic data from 2000

[2] "Other" includes items such as research, student services, operation and maintenance of institution and scholarships and fellowships.
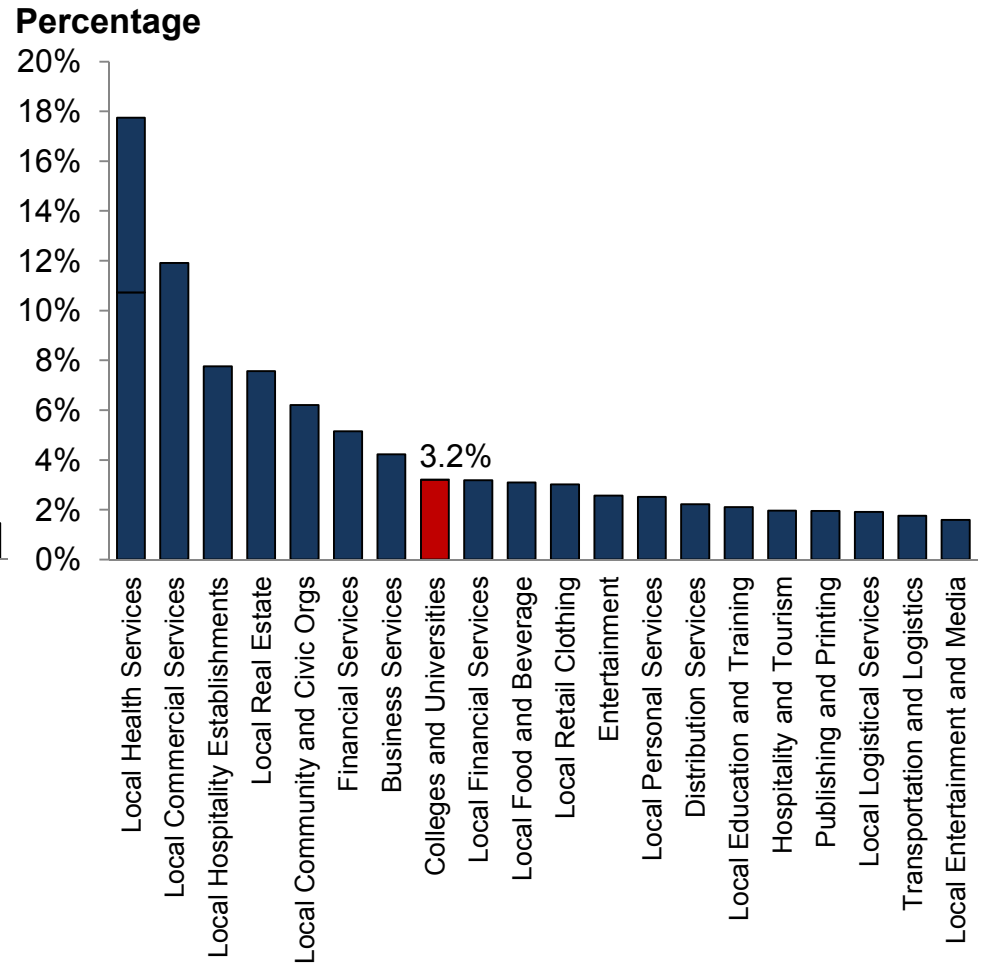
Source: National Center for Education Statistics (NCES), ICIC Analysis

Anchor Institutions are Large Employers

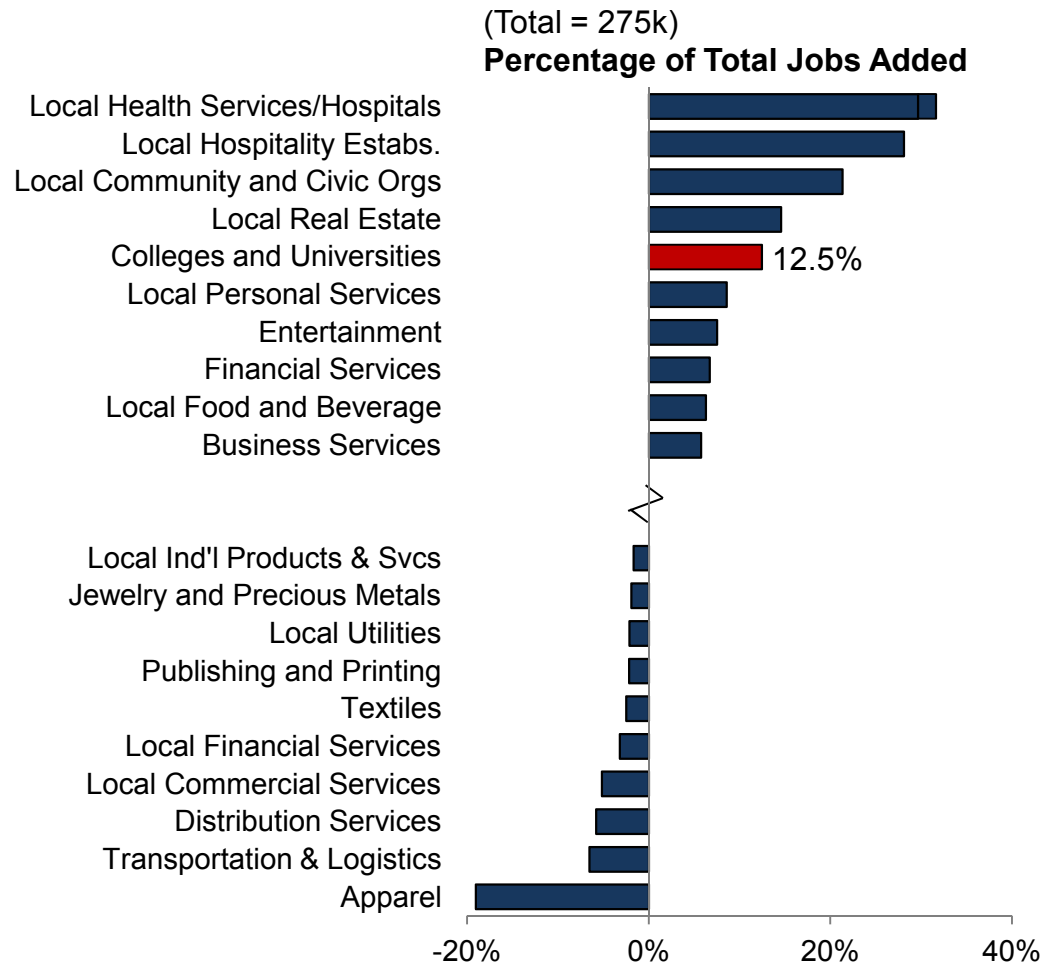## Private Employment by Cluster: National (2009)

Percentage

2.4%

Local Health Services
Local Commercial Services
Local Hospitality Establs
Local Real Estate
Business Services
Local Retail Clothing
Local Financial Services
Local Community and Civic Orgs
Local Food and Beverage
Local Motor Vehicle Products and Svcs
Colleges and Universities
Local Logistical Services
Local Personal Services
Financial Services
Hospitality and Tourism
Distribution Services
Local Household Goods and Svs
Transportation and Logistics
Local Utilities
Local Entertainment and Media

Private Employment by Cluster: New York City (2009)

Percentage

3.2%

Local Health Services
Local Commercial Services
Local Hospitality Establishments
Local Real Estate
Local Community and Civic Orgs
Financial Services
Business Services
Colleges and Universities
Local Financial Services
Local Food and Beverage
Local Retail Clothing
Entertainment
Local Personal Services
Distribution Services
Local Education and Training
Hospitality and Tourism
Publishing and Printing
Local Logistical Services
Transportation and Logistics
Local Entertainment and Media

Anchor Institutions Have Created a Key Portion of Local Jobs

**Change in Employment by Cluster:
New York City (1998-2009)**

(Total = 275k)
Percentage of Total Jobs Added

Local Health Services/Hospitals
Local Hospitality Estabs.
Local Community and Civic Orgs
Local Real Estate
Colleges and Universities — 12.5%
Local Personal Services
Entertainment
Financial Services
Local Food and Beverage
Business Services

Local Ind'l Products & Svcs
Jewelry and Precious Metals
Local Utilities
Publishing and Printing
Textiles
Local Financial Services
Local Commercial Services
Distribution Services
Transportation & Logistics
Apparel

-20%   0%   20%   40%

13

Anchor Institutions are Projected to Grow as Employers and have many Accessible Jobs

Employment Growth by Clusters: National (2008-2018)

Projected Job Additions

Bar chart categories (left to right):
- Local Health Services/Hospitals
- Business Services
- Local Commercial Services
- Local Real Estate
- Local Community and Civic Orgs
- Local Hospitality Estabs
- Local Retail Clothing
- Colleges and Universities — 600k
- Local Personal Services
- Apparel
- Textiles
- Oil and Gas Products and Svcs
- Local Utilities
- Metal Manufacturing
- Automotive

Job Requirements in Higher Education

Share of Employment (2007)

Stacked bar (Colleges and Universities):
- 43% — Higher than Bachelor's Degree
- 15% — Bachelor's Degree
- 10% — Related Work Experience
- 4% — Associate Degree
- 29% — On-the-Job Training
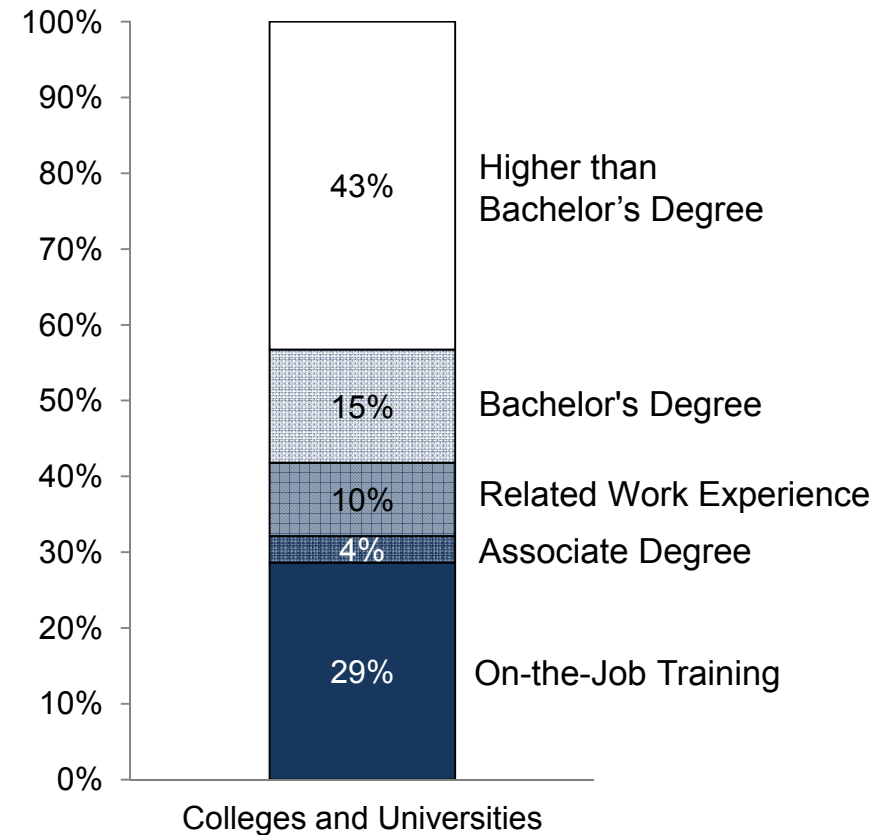
Note: Local Health Services includes health cluster businesses such as hospitals, laboratories, health care providers, pharmacies and drug stores. Education and Knowledge Creation includes colleges and universities, professional schools, museums, libraries, and other educational institutions. Excludes clusters with fewer than 50,000 inner city jobs
Source: Bureau of Labor Statistics, Employment Projections Program, State of the Inner City Economy Database (SICE), ICIC Analysis

NYC Anchors have Significant and Growing Real Estate Holdings

Real Estate Values of NYC Colleges and Universities (2002-2009)

$B

- ■ Rest of City
- ■ Inner City
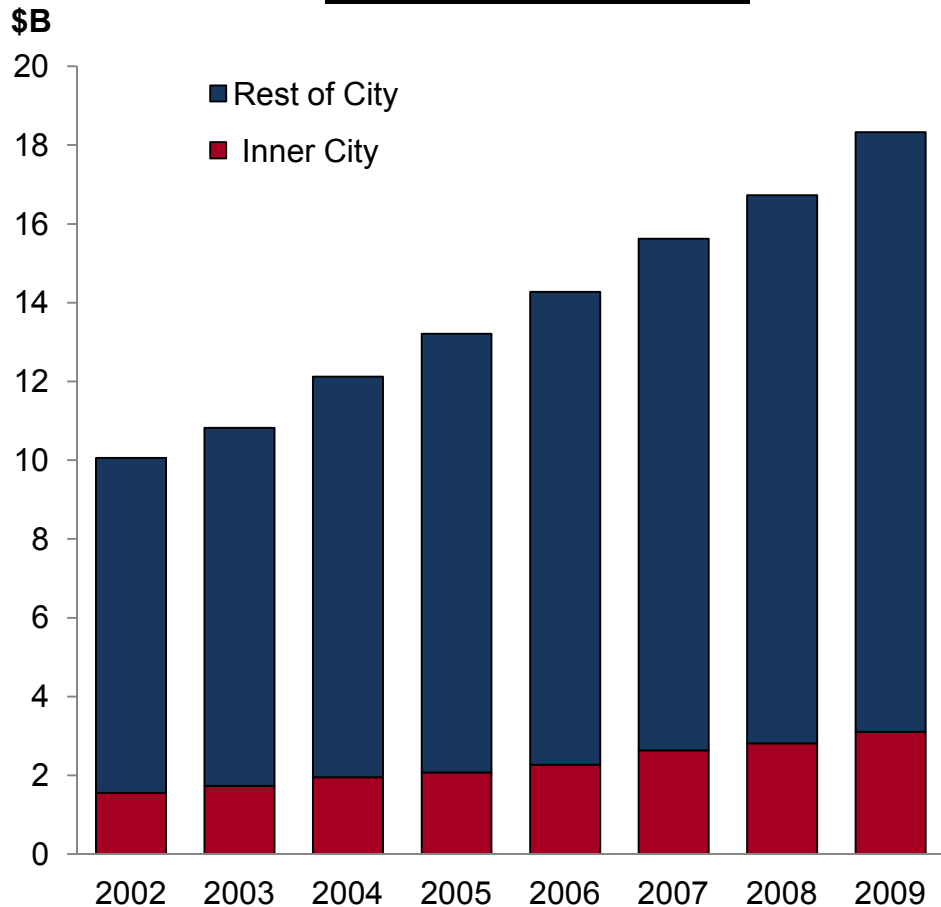
Examples of Real Estate Projects

Recently Completed

- **Hunter College:** new 19-story, $141 million building in East Harlem, housing the School of Social Work and School of Public Health

Underway

- **Columbia University:** planned 17-acre, $6 billion Manhattanville expansion to add 6.8 million square feet
- **Fordham University:** 22-story, $1.6 billion Lincoln Center development to house the Law School and student residence
- **City College:** $744 million advanced science research center
- **John Jay College:** $587 million academic and research building
- **The New School:** 16-story, $352 million academic center and student housing facility

Planned

- **New York University:** 2031 master plan to build 6 million new square feet for faculty, dorms and academic programs
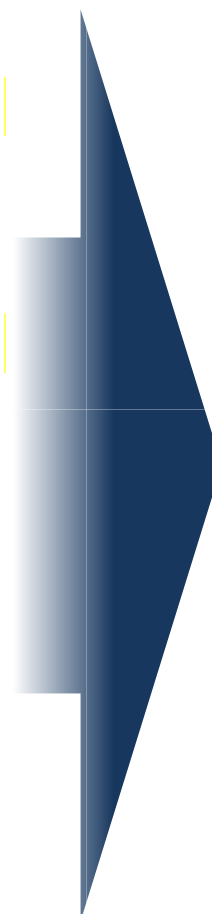
15

Anchors are Major Drivers of Innovation; however, NYC Technology Transfer has Fallen Short

Top 15 U.S. Universities for Licensing Income

University	Annual Licensing Income (Average 2006-2010)
NYU and Affiliates	$ 291,998,285
Northwestern University	256,228,414
Harvard and Affiliates	218,010,676
City of Hope & Beckman	204,665,824
Columbia University	161,101,744
University of California System	128,989,413
Wake Forest University	80,689,832
University of Minnesota	76,650,485
University of Washington	67,237,203
MIT	67,182,100
Stanford University	60,943,267
University of Wisconsin - Madison	50,841,522
University of Rochester	50,261,415
Children's Hospital of Philadelphia	49,638,424
Univ. of Florida	45,260,645

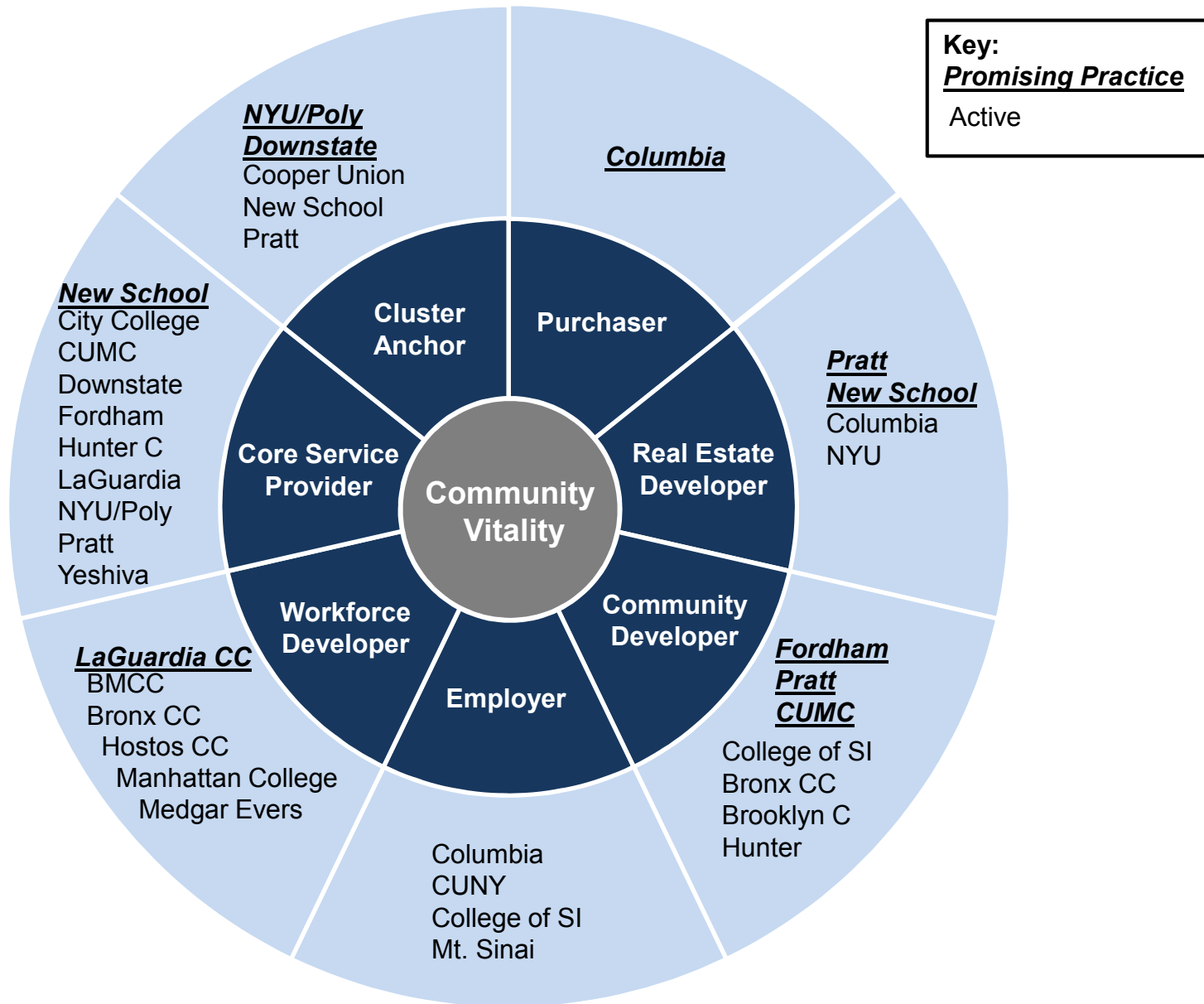## Top U.S. Universities for Seeding Start-ups

University	Annual Start-ups (Average 2006-2010)
University of California System	51
University of Texas System	28
MIT	21
Harvard and Affiliates	20
University of Utah	18
California Institute of Technology	13
Columbia University	11
Purdue Research Foundation.	11
University of Florida	10
University of Colorado	10
Stanford University	8

Other NYC Universities

University	Annual Start-ups
NYU and Affiliates	6
Albert Einstein College of Medicine	2
Yeshiva University	2

Anchor Institutions and Community Vitality: Strategic Framework

Community Vitality

Cluster Anchor
Stimulate growth of related businesses and institutions

Purchaser
Direct institutional purchasing toward local businesses

Core Service Provider
Tailor core products/services to serve the community

Real Estate Developer
Use real estate development to anchor local economic growth

Workforce Developer
Address local workforce needs

Community Developer
Build local community capacity

Employer
Offer employment opportunities to local residents

NYC Anchors are Active Across Multiple Roles

Key:
Promising Practice
Active

Community Vitality

- Cluster Anchor
- Purchaser
- Real Estate Developer
- Community Developer
- Employer
- Workforce Developer
- Core Service Provider

NYU/Poly Downstate
Cooper Union
New School
Pratt

Columbia

New School
City College
CUMC
Downstate
Fordham
Hunter C
LaGuardia
NYU/Poly
Pratt
Yeshiva

Pratt New School
Columbia
NYU

LaGuardia CC
BMCC
Bronx CC
Hostos CC
Manhattan College
Medgar Evers

Fordham Pratt CUMC
College of SI
Bronx CC
Brooklyn C
Hunter

Columbia
CUNY
College of SI
Mt. Sinai

Purchaser: Columbia University

Purchaser
Direct institutional purchasing toward local business

Community Vitality — Cluster Anchor, Core Service Provider, Workforce Developer, Employer, Community Developer, Real Estate Developer, Purchaser

Columbia University: Corporate Alliance Program

- Has current goal of 35% of construction spending with M/WBE and local firms within Upper Manhattan and South Bronx

- Provides local construction companies with training and certificate from School of Continuing Education and links to bidding opportunities with Columbia and its corporate partners

- **Shared value:** Working with local vendors strengthens ties with local business community and expands and diversifies the pool of qualified construction vendors. Local vendors provide speedy, nimble, and reliable service

- **Opportunity:** Expand the program and avail the certified companies to contract opportunities at other anchor institutions

"There is enormous opportunity to match local vendors with universities and for the universities and communities to grow together"

"After Hurricane Irene struck, our local workers were able to return to the construction site immediately"

- La-Verna Fountain, Columbia University

Through the SBS/Columbia University Construction Mentorship program we've awarded over $37 million in Columbia University and New York City Contracts to minority, women, and local firms.
- Robert W. Walsh, Department of Small Business Services

Real Estate Developer/Community Developer: Pratt Institute
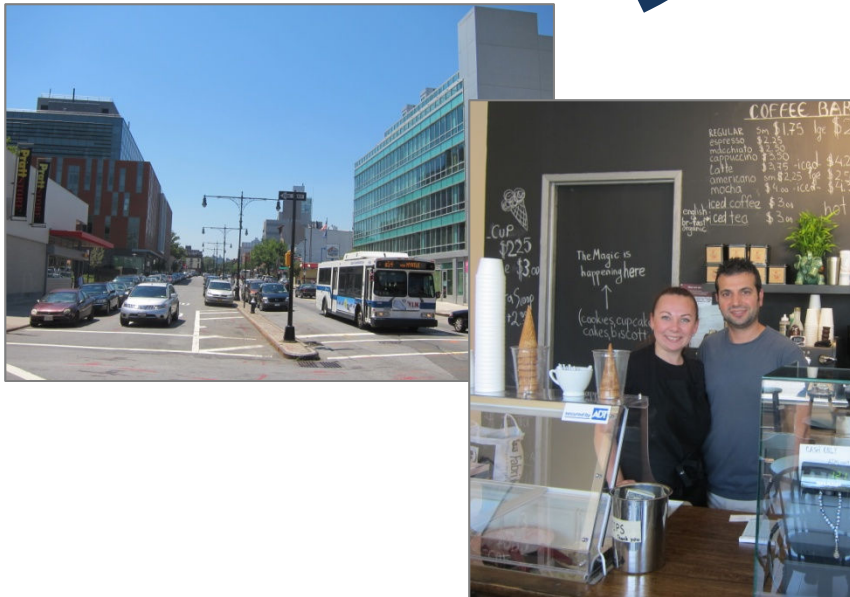
Pratt Institute:
Myrtle Avenue Revitalization Project (MARP)

- President Thomas Schutte joined as MARP board chairman in 1999. Based on the New School's example on 14th St, MARP addressed the economic, social, and aesthetic aspects of the depressed Myrtle Ave neighborhood, which is adjacent to the school
- Pratt's own real estate projects, such as the PrattStore, were designed to serve the neighborhoods needs as well
- **Shared value:** improved real estate values and lower vacancy rates, safer community, improved amenities, better student experience, and a strong relationship with the community
- **Opportunity:** Expand work to other adjacent areas, e.g. northward

"Campus was closed up before and the neighborhood was in bad shape. Houses were being given away, and merchants disappeared. Enrollment was way down, and the school was selling off properties. Pratt engaged local neighborhood associations and discovered them to be enthusiastic cheerleaders, which helped in political circles, with alumni, and fundraising circles."
- President Thomas Schutte

"We opened for business in July 2011 on Myrtle Ave and have really enjoyed a symbiotic relationship with Pratt"
- Local business owner

Workforce Developer: LaGuardia Community College

LaGuardia Community College: Holistic Approach

Holistic Approach
- Thorough screening process results in high retention rate
- Strong bridge to college programs include contextualized GED
- Increased advancement of students due to many Career Pathways available
- Wraparound support services increase student success rates

Sector Focus
- Workforce1 Healthcare Career Center, with SBS support, has relationships with private employers, real time labor data and a high placement rate

Customized training
- Responds quickly to private sector training needs

Shared value: Higher placement rates, stronger pipeline of workers for businesses in the inner city

Opportunity: Increase strength of relationships with private employers across sectors

"LaGuardia has a very strong record in workforce development and in being a great partner to the Queens community"
  - President Félix Matos Rodriguez, Hostos Community College

"Our intensive case management and SBS' strong relationships with employers have resulted in a 90% training completion rate and 75% job placement on average"
  - Sandra Watson, Dean of Workforce Development, LaGuardia Community College

Core Service Provider: The New School

Core Service Provider
Tailor core products/ services to serve the community

Cluster Anchor · Purchaser · Real Estate Developer · Community Developer · Employer · Workforce Developer · Community Vitality

The New School: Community-based Learning

- Across its schools, engages students and faculty in hands-on learning experiences in New York City, for example:

  – Parsons Design Workshop collaborates with NYC Parks and Recreation to improve public spaces in underserved areas such as Washington Heights or Bronx

  – Institute for Urban Education and Parsons Pre-College Academy works with local K-12 schools

- **Shared value:** Real-world learning opportunities for New School students and faculty, improved public facilities for communities, educational opportunities for K-12 students

- **Opportunity:** Continue expanding and share lessons learned

"The City is a big contributor to the educational process"
   - New School President David Van Zandt

"We have been impressed by the professionalism and design skills of the talented students at Parsons...they have worked diligently and intelligently to meet the community's needs"
   - Parks Commissioner Adrian Benepe

Cluster Anchor: SUNY Downstate Medical Center

SUNY Downstate Medical Center: Biotech Initiative

- **Advanced Biotechnology Incubator and BioBAT facilities:** Fosters local biotech cluster composed of companies, entrepreneurs, scientists, physicians and students

- **Real estate development:** Locates biotech sites in inner city Brooklyn areas, leveraging public and private funding

- **Workforce development:** Offers training to local students with a basic science education by providing paid internships and job placement opportunities for lab/research careers

- **Shared value:** Improves local real estate values, nurtures growth of local biotech industry, provides applied learning opportunities for students and faculty

- **Opportunity:** Continue expanding and share lessons learned

"President LaRosa offered great leadership by assembling a committee of all the people who would need to be involved…

The entrepreneurial environment and interaction with companies provides students with first-hand experience in translational medicine and is a great tool for recruiting. Incorporating entrepreneurship across the institution plants the seed of entrepreneurship in everyone's minds…"

- Eva Cramer, SUNY Downstate Medical Center

"We chose to locate our company at the incubator due to the flexible and rich resources provided"
- Company at Advanced Biotechnology Incubator

Employer

Pie chart segments (clockwise from top): Purchaser, Real Estate Developer, Community Developer, Employer, Workforce Developer, Service Provider, Cluster Anchor — with **Community Vitality** at the center.

Employer
Offer employment opportunities to local residents

The Opportunity

- Among institutions we spoke with, we found no clear leader in the role of Employer
  Many cited constraints such as centralized recruitment, union requirements

  Potential for Shared Value: Stronger employee applicant pool reduced absenteeism, and improved retention

  "We are constrained by unions. All clerical jobs are unionized and we must hire based on test ranking, it's very frustrating"

- *"The job applicant pool has become so competitive that every position requires a bachelor's degree"*
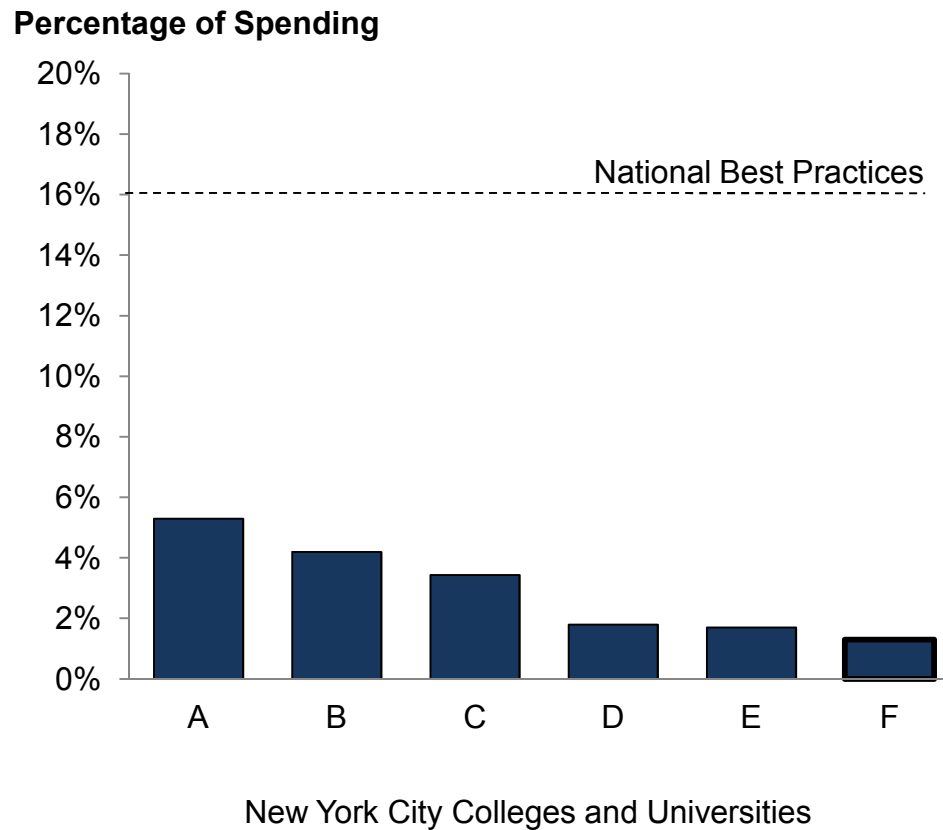
New York Colleges and Universities Versus National Best Practices

- Despite some great examples and pockets of activities, NYC anchor institutions **can improve** in promoting inner city economic and community development

- Few of NYC's colleges and universities are **active across the strategic framework**

- In the roles where anchors are active, **performance** can improve in comparison with best practices, which include:
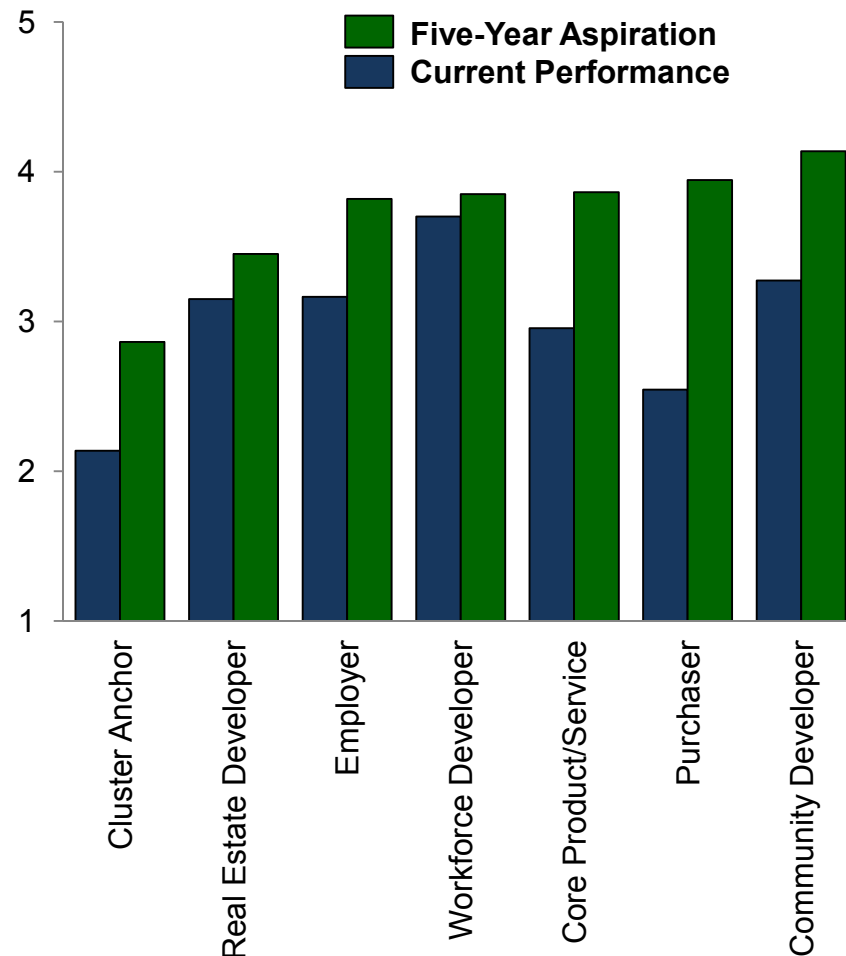
NYC Anchors Versus Benchmark: Local Purchasing

**Percentage of Goods and Services
Purchasing from Inner City NYC**

Percentage of Spending

Chart showing percentage of spending for New York City Colleges and Universities:
- A: ~5.3%
- B: ~4.2%
- C: ~3.4%
- D: ~1.8%
- E: ~1.7%
- F: ~1.3%

National Best Practices line at 16%

New York City Colleges and Universities

NYC Anchors Don't Believe That They are Exercising their Full Potential…

New York City College and University Self-Reported Ratings on Anchor Institution Activities

Self-Rating (5=Highest)

Legend:
- **Five-Year Aspiration** (green)
- **Current Performance** (dark blue)

Categories (x-axis):
Cluster Anchor, Real Estate Developer, Employer, Workforce Developer, Core Product/Service, Purchaser, Community Developer

Workforce Developer

"As a major employer in the area, we would like to become more active in the community and to partner with others"

"We need a systematic relationship with employers, so that ultimately we can create customized solutions for them"

Purchaser

"We are hoping to get involved with more small businesses"

"We need to do more to link vendors to the SBDC"

Core Service Provider

"Our weakest area is service. The institution needs more clear service goals"

"We want to become an intellectual center for important issues in the community

The Role of the City in Anchor Effectiveness: What We Heard

Need for improved processes

- Provide **increased recognition** of the importance of higher education in the city
- Sustain ongoing **dialogue** with anchors regarding the development of new policies
- Maintain a **single point of contact** for anchors interacting with the city
- Create a **more transparent and expedient** permitting **process**

Need for infrastructure improvements

- Fund transportation **infrastructure improvements**, specifically to subway stations

Need for better availability of data

- Facilitate **better linkages between higher education and employers** to improve existing workforce development programs
- Provide **viable local vendors** so that institutions can more easily purchase goods and services locally
- Suggest **best practices** for how anchors can engage with their communities

Other observations?

An Action Agenda: Overview

- Based on our research and interviews, we have identified three areas of opportunity for rapid improvement:

Purchaser	▪ Direct additional institutional purchasing toward local businesses
Workforce Developer/Employer	▪ Address local workforce needs
Community Builder/Real Estate Developer	▪ Build local community capacity and use real estate development to anchor local economic growth

- We will discuss these initiatives in more detail in the three working sessions that follow

Proposed Action Agenda:
Purchaser

Anchor-led Initiatives

- Ensure senior leadership support and build internal consensus
- Identify purchasing categories that could be sourced locally
- Collect information on local vendors and their capacity
- Require Tier 2 spending to be done with local vendors
- Partner with a third party organization to build local vendor capacity

Collaboration Across Anchors

- Jointly pursue activities listed above
- Hold joint vendor outreach / matching events to increase accessibility of sourcing managers and contracts.
- Refer vendors to one another
- Share best practices

Support from SBS

- Connect anchors with existing SBS Corporate Alliance Program which serves Columbia and eleven other corporations
- Leverage existing technical assistance programs at SBS to build vendor capacity

Proposed Action Agenda:
Workforce Development/Employer

	Workforce Developer	**Employer**
Anchor-led Initiatives	▪ Adopt a holistic approach to workforce that goes beyond a standard classroom setting ▪ Collaborate with the private sector to place more students in jobs ▪ Shape new curricula and programs for high-growth sectors	▪ Measure local hiring and promotion ▪ Target specific job categories and source more candidates locally ▪ Provide educational opportunities and support for further advancement of these individuals
Collaboration Across Anchors	▪ Share private sector data across educational institutions, allowing for strategic targeting of high growth sectors ▪ Improve the coordination of credits across colleges and create stackable credentials	▪ Target specific job categories across anchors in a similar geography and recruit more candidates locally ▪ Coordinate educational opportunities for further advancement across institutions
Support from SBS	▪ Leverage SBS employer connections and job placement programs to match more students to jobs ▪ Link existing SBS workforce programs to fill needs at anchor incubators	▪ Enlist SBS' support to target specific job categories for local hiring

Proposed Action Agenda:
Community Developer/Real Estate Developer

	Community Developer	**Real Estate Developer**
Anchor-led Initiatives	▪ Identify areas of anchor strength and how to leverage these assets to best support key community needs ▪ Build long-term outcome oriented partnerships with community leaders/organizations aligned with shared value interests	▪ Use new construction and facilities upgrades to increase physical interaction with the community ▪ Individually transfer back office real estate from high to low cost areas
Collaboration Across Anchors	▪ Identify areas of common interest at neighboring anchors and create multi-anchor collaborations focused on specific community needs ▪ Work with community groups to improve the physical environment, and enhance the local economy through activities such as local housing, safety and joint purchasing initiatives	▪ Collaborate on local real estate development ▪ Investigate opportunity for collaboration across anchors to transfer back office real estate from high to low cost areas
Support from City	▪ Convene interested anchors with BIDs, NGOs, and foundations with common interests ▪ Provide anchors with a "toolkit" to facilitate planning and collaboration ▪ Facilitate common outcome measurement across collaborations	▪ Technical support from EDC on real estate, links to city-owned space

Discussion

- What opportunities are most promising?

- What are your next steps?

Breakout Sessions 11:00am - Noon

Session	Location	Moderators
Purchaser	Peach Room	**ICIC**: Mary Kay Leonard, Christina Li **SBS**: Gregg Bishop, Tanya Pope
Workforce Developer/Employer	Dining Room	**ICIC**: Nicki MacManus **SBS**: Angie Kamath
Community/Real Estate Developer	Ballroom	**ICIC**: Carole Carlson **SBS**: Rob Walsh