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# 3 STEPS CITIES CAN TAKE TO ANCHOR ECONOMIC PARTNERSHIPS

by Neil Kleiman

*With a new approach, anchor institutions have the ability to accelerate economic development priorities and reshape their hometowns for the better.*

**A**nchor institutions – colleges, universities and hospitals – are predominant local economic actors, often the largest employers within a city. These institutions provide a knowledge foundation for their home cities while also being drivers of local development. Medical centers and research universities foster an entrepreneurial climate that attracts young professionals and leads to spin-off companies in the growing tech economy. In virtually every city in the United States, there is recognition of this mutual interdependence, but rarely does that awareness extend to a consistent working relationship. The full potential of these partnerships has not been realized because of mistrust, half-starts and half-realized results.

While partnerships – the best of which rely on the combined efforts of the philanthropic, anchor and public sectors – have been lacking, they are getting stronger. Smaller cities, to their credit, tend to have a greater connection to their anchor leadership. Cities such as Wilkes-Barre, Pennsylvania, Waco, Texas, and Kansas City, Kansas, are great examples of turnaround strategies jointly planned by anchor institution and local leadership. However, partnerships between anchors and cities often go awry. A university or hospital may work with local government on one specific project or community service program, but on others relationships can be marked by tense negotiations around real estate expansion, arguments over tax-exempt status and miscommunications stemming from a lack of understanding about how to engage productively with one another.

In our recently released report, *Striking a (Local) Grand Bargain*, the National Resource Network, NYU Wagner and the Urban Institute provide the following steps to establishing a

productive and far-reaching connection between anchor institutions and cities that will lead to structured, systematic partnerships in pursuit of mutual self-interest and large-scale improvements.

## STEP ONE: ESTABLISHING THE BARGAIN

Building a grand bargain may sound intuitive, but it means local leaders must take the initiative with the following actions:

1. Identify clear community priorities appropriate for anchor institution partnership.
2. Identify the best external partners from the philanthropic sector, business community or the federal government to advance local effort.
3. Build on what you have. Many local communities felt that they don't know where to begin, but invariably there is already some collaborative activity – even if at a small scale – that can be built on.
4. Engage senior level leadership at local institutions to craft shared goals and strategies together.

## STEP TWO: LEVERAGING SUPPORTIVE MECHANISMS

There are a number of mechanisms that can greatly advance any local compact. The federal government, as in years past, has developed tools and programs that can support partnership efforts, but it's incumbent on local leaders to put them to good use. Tactics for leveraging supportive mechanisms include:

1. Build a platform to increase community engagement in the community health needs assessment process (part of the new Affordable Care Act) so that hospitals and community groups can drive investment tailored to

specific community needs.

2. Use the tax code to encourage hospital community and economic development activity.

## STEP THREE: MAINTAINING AN ECOSYSTEM FOR COLLABORATION

Without strong, consistent and regenerative leadership, compacts and partnerships will not withstand the test of time. An infrastructure of education and support must be put in place to keep the local ecosystem healthy. Even those anchor institutions that engage in major outreach efforts find that the focus and cultural change needed within their institutions is significant. The following are tactics for maintaining an ecosystem for collaboration:

1. Rally all stakeholders around a laser focus on local and regional workforce needs. Colleges should use data and engage local firms to build curricular-based pathways around the exact skills and credentials employers need.
2. Implement leadership trainings for institutions, public officials and community leaders. Regionally based trainings can clarify roles and interests and establish clear lines of communication.

Anchor institutions, despite their namesake, are not holding cities back. With a new approach, a Grand Bargain based on shared interests, anchor institutions have the ability to accelerate economic development priorities and reshape their hometowns for the better. □

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