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S. Hrg. 117–196

ADDRESSING DISPARITIES IN LIFE EXPECTANCY

HEARING

[BEFORE THE]

SUBCOMMITTEE ON PRIMARY HEALTH AND RETIREMENT SECURITY

OF THE

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

JULY 21, 2021

Printed for the use of the Committee on Health, Education, Labor, and Pensions

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ON

EXAMINING DISPARITIES IN LIFE EXPECTANCY, AFTER RECEIVING TESTIMONY FROM KATHLEEN MULLAN HARRIS, UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL; WILLIAM E. COOKE, FOUNDATIONS FAMILY MEDICINE, AUSTIN, INDIANA; AND BOB MACKENZIE, KENNEBUNK POLICE DEPARTMENT, KENNEBUNK, MAINE

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ADDRESSING DISPARITIES IN LIFE EXPECTANCY

Wednesday, July 21, 2021

U.S. SENATE,
SUBCOMMITTEE ON PRIMARY HEALTH AND RETIREMENT SECURITY,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10 a.m., in room 430, Dirksen Senate Office Building, Hon. Bernard Sanders, Chairman of the Subcommittee, presiding.

Present: Senators Sanders [presiding], Casey, Murphy, Kaine, Hassan, Rosen, Collins, Murkowski, Marshall, Scott, and Braun.

OPENING STATEMENT OF SENATOR SANDERS

The CHAIRMAN. Let me call the hearing to order, and thank Senators who are here, and to mention that the issue that we are discussing today is a very sobering issue and it is an issue I think does not get the kind of attention that it deserves. And let me thank Ranking Member Collins for her interest in the topic.

Let me thank Dr. Kathleen Harris, Dr. William Cooke and Chief of Police, Chief Robert Mackenzie for joining us for this hearing today. They are going to be with us virtually. You know, in the U.S. Congress, we have our differences of opinion, to say the least. But I think every member works hard on the issues of importance to his or her state or congressional district. But I think sometimes we may, in the midst of our work, lose sight of the big picture, the really big picture of what I think all of us want to accomplish.

Very simply stated, what I want, and I believe Members of the Committee want, and certainly the American people want, is to create a Nation in which the people in the United States can live long, healthy, happy, and productive lives. At the end of the day, that is what we are fighting for. Unfortunately, the issue we are discussing today, as I mentioned, does not get nearly enough attention, but it is surely an ongoing tragedy, something that we need to focus a lot more, work on. And that is that here in the wealthiest Nation, in the history of the world, where we spend far more per capita on health care than people in other countries, the truth is that our life expectancy, how long our people live, trails behind many other industrialized countries.

Tragically and the question of today, what we are discussing is life expectancy in the United States right now, for many, many people, is in decline. And when we discuss the issue of life expect-

ancy, the real outrage, it seems to me, and this is above and beyond the culprit, the horrors of the COVID pandemic, is that not all of our society is seeing a decline in life expectancy. What we have seen over the last number of years, again, pre-COVID, is that this declining life expectancy is impacting lower income and working people in a very significant way, people with less education, and people who live in rural areas. In terms of life expectancy, as it happens, the very wealthy are doing just fine. The crisis impacts particular people, working people, lower income people, people living in rural communities.

One of the most alarming facts, I think, that we have to address as a Nation is that today, and I want everybody to hear this, an upper income male lives 15 years longer than the poorest male. And the gap between women is 10 years. According to a report by the Health and Equality Project, from 2001 to 2014, the wealthiest Americans gained approximately 3 years in life expectancy, while the poorest Americans experienced no gains. A three-year difference in life expectancy may seem trivial. What is 3 years? But as the report's authors note, this gain in lifespan is the equivalent of curing cancer for only the wealthy.

Imagine that wealthy get cured, everybody else does not. Let me give you another example. If you are upper income, if you have stable housing, if you have access to decent medical care, you are doing fine. Today in Fairfax County, Virginia, for example, the median household income is $124,000 and the poverty rate is just 6 percent. A child born in Fairfax County, Virginia, today could expect to live to 85 years of age. That is pretty good. It is pretty good in terms of international standards. It is good. But in Scott County, Indiana, where Dr. Cook has his medical practice, the median household income is $48,000 and almost 14 percent of the community lives in poverty. A child born there today could expect to live only 71 years. Imagine that, 14 year discrepancy between Fairfax County, Virginia and Scott County, Indiana.

In other words, what we are discussing today, and this is such an important point, is poverty is like that. You, are the big house, I have a small house. You are driving a fancy car. I have a broken old car. That is not what we are talking about. What we are talking about is that if you are wealthy in America, you will live many, many more years than if you are poor. So it is not a question of luxuries. It is a question of literally poverty and stress being a death sentence. And all of this is preventable. And I think and hope that all of us can agree that this reality of today is a moral and economic failing. Over the past 10 years, the disparities have grown exponentially. And this is above and beyond the onslaught of the COVID pandemic, which has done, all the horrible things and the deaths that it has caused. As we will hear from Dr. Harris today, mortality is now flat or rising among most working age populations.

Socioeconomic disparities have widened substantially, especially by education levels. People who obtained a bachelor's degree are doing much, much better than those who have not gotten that quality of education. And what makes this even more stark is that many of these premature deaths are preventable. This is not about needing more advancement in medical research.

In fact, cancer death rates are declining for more than half of the most common cancers in the U.S. We are making significant progress than in another many years. This is not about health care. We are seeing a nationwide crisis of what doctors call, "deaths of despair." "Deaths of despair." What does that mean? It means that we are seeing an increase and will discuss the history of drug overdoses, opioid epidemic, alcoholism, and even suicides. A Stanford neuroscientist, Robert Sapolsky, who has been speaking and writing on this topic for decades, offers a simple answer as to why we are seeing this decline in life expectancy, poverty and economic stress is what he says. The psychological impact of being poor, a life of poverty can mean a life of constant stress.

This is the point that I think people don't understand. It is not having a fancy car. It is living every single day wondering how are you going to feed your kids? How are you going to pay the rent? How are you going to prevent yourself from being evicted? What toll does that have on all of us? It is extraordinary. The poor have little control over their work schedules, whether they have jobs, how much money they make.

They fear suddenly losing the job, being unable to pay their electric bill. What happens if your electricity goes out? What happens if you don't have a cell phone? They despair over their own future and how to give their children a better life. They are exhausted and socially isolated by second or third jobs, long commutes, and weekend shifts. They lack the means to take much needed time off or pay for relaxing hobbies.

Often their social support systems are decimated by incarceration, addiction, and depression. And I can go on and on, but I think I have kind of laid the table for what I hope we will be discussing today. I know Senator Collins has long been interested in these kinds of issues. We appreciate your help.

Senator Collins.

OPENING STATEMENT OF SENATOR COLLINS

Senator COLLINS. Thank you very much, Mr. Chairman. This is an extraordinarily important hearing that you are holding today, and I appreciate your convening it. The pandemic and its consequences have exacerbated many of the problems that were already fueling declines in life expectancy. Just this morning, The Wall Street Journal reported that U.S. life expectancy fell by 1.5 years in 2020. That is the biggest decline in generations. And the largest drop was among Hispanic men.

One of the clearest consequences of the pandemic is the escalating incidence of behavioral health problems and substance abuse disorders. Overdose deaths have soared by 30 percent during the pandemic. Last year, 504 Mainers died from overdoses, a tragic record that exceeded the deaths caused by COVID–19 in 2020. Let me say that again. More Mainers died from drug overdoses last year than died from the tragic pandemic. Regrettably, 2021 may be even worse as Maine has averaged nearly 50 overdose deaths a month so far this year.

Like Americans of all ages, young adults had a tough time coping with the pandemic, the lockdowns. And other consequences. And they reported much higher levels of anxiety in a CDC survey con-

ducted last summer among young people aged to 18 to 24. Nearly a quarter reported that they had started or increased their abuse of substances to cope with pandemic related stress or emotions. The survey also revealed that 25 percent seriously considered suicide. Many who have struggled with the chronic illness of addiction long before the pandemic found it more difficult to access the treatment they needed, to participate in counseling, and peer to peer support during the pandemic as young adults started to become parents themselves.

The stakes have become infinitely higher. In Maine, about 8 percent of babies born in 2018 had some degree of neonatal abstinence syndrome. This summer alone, a three-year old from Old Town died. An 11 month old from Correna suffered a near fatal fentanyl overdose. In 2017, the Portland Press Herald ran a 10 part series titled "Lost, Heroin's Critical Killer Grip on Maine's People." And one of the installations in the series focused on women and the challenges that they face.

The article said that when it comes to opioids, women are at a deadly disadvantage. They are dying of overdoses at increasing rates compared with men. They get addicted faster and feel withdrawal more acutely. They are often dealing with sexual trauma as well as their addiction. They tend to avoid seeking treatment if they are mothers because they fear their children will be taken away from them. And when they do ask for help, there are fewer resources available for them. One of the themes that we will hear today is the importance of engaging local communities. The structure and connection that can be found in employment, schooling, church, and community groups not only helps with identity and giving life a sense of purpose, but also they can be an essential source of peer support.

I am very pleased that with us today is Kennebunk's Police Chief, Robert MacKenzie, and he will talk about his impressive efforts, including working with Rotary International. Another theme, which is near and dear to the Chairman's heart as well as mine, is access to health care, for example. Those working and highly physical and dangerous professions such as the lobster fishing industry, for them, the time and travel to take care of anything other than emergency health care needs can deter them from seeking regular care for conditions like high blood pressure and diabetes.

Last year, I joined a bipartisan group of Senators in introducing legislation to expand Telemental Health Services in rural areas, the home based Telemental Health Care Act would establish a grant program for health providers to provide telemedicine service for those in farming, forestry, and fishing industries. Another focus of the National Academies of Science report are cardio metabolic conditions. I will never forget last year the owner of an ambulance service telling me that his calls were way down.

It wasn't due to the fact solely that there were fewer automobile accidents since people were not driving. It was that people who were experiencing symptoms of heart attacks were afraid to go to the hospital during COVID. And they should have. We also saw people putting off treatment and screenings that might have uncovered cancer at an earlier age. Here again, community interventions such as those where people can participate virtually like diabetes

self-management training can help change the trajectory of life expectancy.

As we continue to grapple with the delta variant and emerge from the pandemic, we should take stock in the areas where we have done well, like telehealth, as well as to analyze those areas that have worsen, like substance abuse disorders. So this hearing is very well timed, and I look forward to hearing from our panel. Thank you, Mr. Chairman.

The CHAIRMAN. Well, thank you very much, Senator Collins. Senator Casey has to run so I am going to ask him if he would like to speak for a few minutes.

Senator CASEY. Mr. Chairman, thanks very much. I want to thank you and the Ranking Member for convening this hearing, and I will be brief. I start with an apology that I won't be able to stay for the entirety of the hearing. I will make sure that I and my staff review the testimony, the written testimony of Dr. Harris, Dr. Cooke, and Chief MacKenzie, and then submit questions for the record. But I want to thank you, Mr. Chairman and the Ranking Member for having this hearing. The documented decline in life expectancy for working age adults in our Nation and the socioeconomic disparities that are part of that trend are alarming, disturbing, and I think all of us—need to do something.

Mr. Chairman, you were talking about in your opening remarks, the impact of stress and poverty on people having not just an adverse health impact, but literally being for some people, many people, a death sentence. That caught all of our attention, and the deaths of despair that you made reference to should call all of us to action. I know in Pennsylvania, we have a huge—still a huge challenge with substance use disorder.

I have to say the Medicaid expansion in our state helped a lot, but the pandemic wiped out a lot of those gains. More than 16 percent—the number of overdose deaths in our state increased, I should say, by 16 percent from 2019–2020, and that doesn't, of course, cover the whole impact of the pandemic. So I am grateful for this indulgence. I am grateful for this hearing. Thank you.

The CHAIRMAN. Thank you very much, Senator Casey. And now we will get to our panelists who are with us virtually from around the country. And let me begin by introducing Dr. Kathleen Harris, who is a Professor of Sociology, Adjunct Professor of Public Policy and faculty fellow at the Carolina Population Center at the University of North Carolina.

Dr. Harris's research focuses on social inequality and health, and she is the Chair of the Committee on Population at the National Academies of Sciences, Engineering and Medicine. Dr. Harris, thank you very much for being with us today.

STATEMENT OF KATHLEEN MULLAN HARRIS, PH.D., JAMES E. HAAR DISTINGUISHED PROFESSOR OF SOCIOLOGY, UNIVERSITY OF NORTH CAROLINA, CHAIR, COMMITTEE ON RISING MIDLIFE MORTALITY RATES AND SOCIOECONOMIC DISPARITIES, THE NATIONAL ACADEMIES OF SCIENCES, ENGINEERING, AND MEDICINE, CHAPEL HILL, NC

Ms. HARRIS. Good morning. Chairman Sanders, Ranking Member Collins and Members of the Subcommittee, thank you for the op-

portunity to testify today. My name is Kathleen Mullan Harris. I am the James Haar Distinguished Professor of Sociology at the University of North Carolina, Chapel Hill. And I am speaking to you today in my capacity as Chair of the National Academies Committee that produced the study, high and rising mortality rates among working age adults. As you just heard, our study was motivated by a huge problem.

Between 2014 and 2017, life expectancy in the United States fell 3 years in a row, the longest sustained decline in a century. To make matters worse, this was not happening in our high income peer countries. So we wanted to understand why more Americans were dying in the prime of their lives, ages 25 to 64, the most productive years and their parenting years. So we first set out to identify what causes of death were increasing and for whom. We examined trends from 1990 to 2017 and identified three main drivers of rising mortality, deaths due to drug poisoning and alcohol induced causes, suicide, and cardiometabolic diseases like hypertension, diabetes, stroke, and heart disease.

Rising death rates first occurred among younger white women and men, those aged 25 to 44, living outside of large cities, but then spread to most racial and ethnic groups and geographic areas of the country. Although rising death rates began among whites, Blacks consistently experienced much higher mortality. Those with less education and income always experienced higher death rates, and this disadvantage was widening among whites. Geographic disparities also widen between large urban areas and less populated rural areas, where death rates were increasing more rapidly, especially in Appalachia, New England, the industrial Midwest, and parts of the Southwest and Mountain West.

What was happening? We then searched for explanations through an extensive review of the existing research literature. Drug and alcohol related deaths were the most important contributor. Explanations involve supply side factors like weak Government, Governmental oversight, and actions by the pharmaceutical industry, pain control advocacy groups, and physician prescribing. Demand-side factors included increasing prevalence of physical pain, declining psychological health, and long term trends of economic adversity that affected adults with less than a college education and geographic areas where manufacturing and mining jobs had disappeared.

Suicide rates increased primarily among whites, especially white men, and in less populated rural areas. Economic factors are important. Economic downturns, low wages, increasing foreclosure rates and a weak safety net increase suicide rates. Cardiometabolic diseases also played a significant role, a complex role. Up until 2010, science was saving us. Medical interventions and public health campaigns to reduce smoking drastically cut down cardiovascular death rates. But these declines hit the mountain tsunami of the obesity epidemic, which was fueling alarming increases in hypertension, diabetes, stroke, and heart disease.

By 2010, the lagged effects of obesity overwhelmed what medicine could do to save lives. So you can see there is no one cause that explains the increase in death rates, but we noted three common factors underlying all the trends economic adversity, two, eco-

nomic inequality, and volatility. Every one of these trends and the themes underlying them are being magnified by the COVID 19 pandemic. This is a crisis in America that existed before COVID, and it will continue after COVID.

Our life expectancy is declining relative to our peers despite our wealth. Solutions need to be multifaceted. The committee made several recommendations. We need policies that can be implemented for those agencies and stakeholders closest to the addiction crisis to improve regulation and oversight and modify practices just for the prevention and the treatment of substance use disorders. Economic policies are needed to address the economic and social strains that make communities vulnerable to opioids and other drugs. Obesity prevention programs need to start early in life before obesity and focus on the most vulnerable, often the low income populations.

We need to balance the right of the food industry and public health imperatives to reduce food and beverages that contribute to obesity. Death rates are lower in states that have expanded Medicaid under the Affordable Care Act. The 12 states that have not yet expanded access to Medicaid should do so as soon as possible.

All studies of mortality report on the stark disadvantage and life expectancy among racial and ethnic minorities in the United States. Reducing this racial gap will significantly help to improve our global standing in life expectancy and catch up to our other rich nations.

Thank you for the invitation to testify and I welcome any questions you have.

[The prepared statement of Ms. Harris follows:]

PREPARED STATEMENT OF KATHLEEN MULLAN HARRIS

Good morning, Chairman Sanders, Ranking Member Collins, and members of the Subcommittee. Thank you for the opportunity to testify today. My name is Kathleen Mullan Harris. I am the James E. Haar distinguished professor of sociology, adjunct professor of public policy, and faculty fellow at the Carolina Population Center at the University of North Carolina at Chapel Hill. I am speaking to you today in my capacity as chair of the Committee on Rising Midlife Mortality Rates and Socioeconomic Disparities of the National Academies of Sciences, Engineering, and Medicine (National Academies). The National Academy of Sciences was chartered by Congress in 1863 to advise the government on matters of science and technology and later expanded to include the National Academies of Engineering and Medicine. The National Academies do not advocate for a specific policy positions. Rather, they enlist the best available expertise across disciplines to examine the evidence, reach consensus, and identify a path forward. This study was sponsored by the National Institute on Aging and the Robert Wood Johnson Foundation.

The past century has witnessed remarkable advances in life expectancy in the United States and throughout the world. In 2010, however, progress in life expectancy in the United States began to stall, despite continuing to increase in other high-income countries (see Figure 1). Alarmingly, U.S. life expectancy fell between 2014 and 2015 and continued to decline through 2017, the longest sustained decline in life expectancy in a century (since the influenza pandemic of 1918–1919) (see Figure 2). The recent decline in U.S. life expectancy appears to have been the product of two trends:

(1) an increase in mortality among middle-age and younger adults, defined as those ages 25–64 years (i.e., “working age”), which began in the 1990s for several specific causes of death (e.g., drug- and alcohol-related causes and suicide); and

(2) a slowing of declines in working-age mortality due to other causes of death (mainly cardiovascular diseases) after 2010.

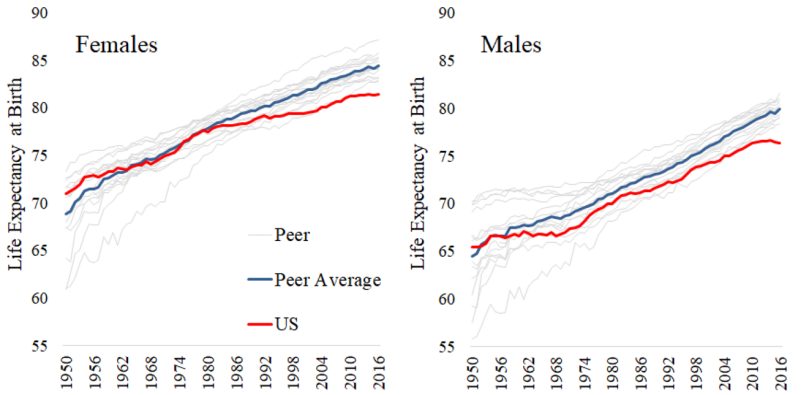


Figure 1. Life expectancy at birth by sex, United States vs peer countries, 1950-2016
Notes: Figure one shows trends in life expectancy at birth for the United States (red line), sixteen individual peer countries (gray lines), and the peer country average (blue line) for females (left panel) and males (right panel). The sixteen peer countries are: Australia, Austria, Canada, Denmark, Finland, France, Germany, Italy, Japan, Norway, Portugal, Spain, Sweden, Switzerland, the Netherlands, and the United Kingdom.
Source: U.S. mortality data are drawn from National Vital Statistics Reports. Mortality data for the 16 peer countries are drawn from the Human Mortality Database (https://www.mortality.org/cgi-bin/hmd/hmd_download.php).

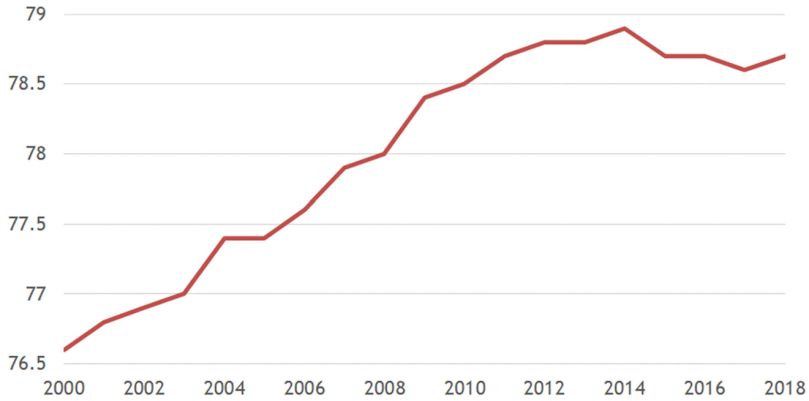


Figure 2. Life expectancy at birth in the United States, 2000-2018
Source: National Vital Statistics Reports.

Explaining why mortality has been rising among working-age adults is not straightforward. Mortality is the final result of both acute events and cumulative, long-term processes involving the interaction of social, behavioral, economic, environmental, and biological factors that develop and unfold over the life course. A full understanding of the rise in working-age mortality requires focusing beyond the factors that are most proximate to specific causes of death (e.g., behavior, psychological factors, health care utilization). One must also look upstream to the macrostructural factors (e.g., public policies, macroeconomic trends, social and economic inequality, technology) that may affect the health of Americans in multiple ways and through multiple pathways that flow through local community contexts and intersect with individuals' lives. Establishing the complex relationships among these explanatory factors poses methodological challenges that are complicated by issues of data availability and quality, as well as measurement.

The study committee's report, *High and Rising Mortality Rates Among Working-Age Adults* (2021), was based on data from 1990–2017 collected before COVID-19 and identified three categories of causes of death as the predominant drivers of trends in working-age (ages 25–64) mortality: 1) drug poisonings and alcohol-induced causes; 2) suicide; and 3) cardiometabolic diseases. The committee conducted a comprehensive review of the existing research literature to uncover explanations for the trends and disparities in these three causes of death in order to inform research and policy priorities. The report made recommendations for future research and data collection and offers policy conclusions and recommendations to reduce the rates of and disparities in mortality at working ages. Importantly, the committee concluded that immediate action is needed to address what has become a national population health crisis, a crisis that is being exacerbated by COVID-19.

Although recently identified, increasing mortality among U.S. working-age adults is not new. The committee identified a long-term trend of stagnation and reversal of declining mortality rates that initially was limited to younger White women and men (ages 25–44) living outside of large central

metropolitan areas but subsequently spread to encompass most racial/ethnic groups and most geographic areas of the country. Between 2012–2017, mortality rates were either flat or increasing among most working-age populations. Although rising mortality began among Whites, Blacks consistently experienced much higher mortality regardless of educational attainment or geography. Moreover, disparities by socioeconomic status have widened substantially among working-age Whites, particularly women, since the 1990s. Over the 1990–2017 period, disparities in mortality between large central metropolitan and less-populated areas widened (to the detriment of the latter), and geographic disparities became more pronounced. Mortality rates increased across several regions and states, particularly among younger working-age adults, and most glaringly in central Appalachia, New England, the central United States, and parts of the Southwest and Mountain West.

Drug and Alcohol-Related Deaths among Working-Age Adults

Drugs and alcohol were responsible for more than 1.3 million deaths—approximately 8 percent—among the working-age population between 1990 and 2017. These substance-related deaths were major contributors to the increase in working-age mortality, and they continue to rise. Drug poisoning deaths have been increasing for over three decades and represent the single largest contributor to the rise in mortality rates among U.S. working-age adults, with the exception of older Hispanic adults ages 45–64. The largest increases occurred among Whites (particularly males) and older Black males. Alcohol-induced deaths also increased among Whites from 1990–2017, declined among Blacks and Hispanics until 2009, before beginning to increase in the 2010s. While drug-related mortality rates increased in every state, the increases were most pronounced in Appalachia, New England, and the industrial Midwest.

Supply-and-demand factors underlie trends in drug- and alcohol-related mortality. The country's drug overdose crisis represents a "perfect storm" resulting from the flooding of the market with highly

addictive yet deadly prescription and illicit drugs and the underlying and growing demand for and vulnerability to substances that might possibly bring relief, albeit temporary, from physical and/or mental pain. On the supply side, weak governmental oversight combined with actions in the 1990s and 2000s by the pharmaceutical industry (manufacturers, distributors, pharmacies), pain control advocacy groups (often funded by pharmaceutical companies), and physicians fueled a massive increase in opioid prescribing—followed by a rise in prescription opioid misuse, addiction, and overdose. On the demand side, increasing prevalence of physical pain, deteriorating psychological health, and long-term macroeconomic trends seem to underlie substance use mortality trends for certain population subgroups and geographic areas. The decline in economic opportunities among adults with less than a college education has been especially devastating and may have contributed to the rise in drug poisoning and alcohol-related deaths in this population. Explanations centered on "despair" (which signifies hopelessness but is not itself a formal mental health diagnosis) are also consistent with long-term economic, family, and social changes that have weakened support systems that provide people with purpose and meaning.

Death by Suicide among Working-Age Adults

Suicide accounted for 569,099 deaths in the working-age population between 1990 and 2017 when suicide rates increased primarily among Whites, especially White men, and in less populated, rural areas. For example, suicide rates are higher in Western states, especially those with large rural populations. Research on suicide trends tend to focus on a range of contributing factors, such as the economy; social engagement, religious participation, and social support; access to lethal means; and mental and physical health. Periods of economic downturn, wage stagnation, weak safety nets, and increasing foreclosure rates are associated with rising suicide mortality in national and state-level studies. Social support from embeddedness in religious institutions, community organizations, or stable interpersonal relationships that buffer the risks of self-harm has also declined in recent decades, and this

decline has been more prominent among less-educated Whites. Although suicide mortality by firearms rose over the study period, its contribution to the rise in overall suicide mortality declined as suicides by other means (e.g., hanging, suffocation) increased more rapidly. Those with a history of mental illness also have a much higher risk of suicide; Whites tend to report more history with mental illness relative to other racial/ethnic groups.

Cardiometabolic-Related Deaths among Working-Age Adults

The committee examined deaths due to cardiometabolic diseases, including endocrine, nutritional, and metabolic (ENM) diseases (e.g., diabetes, hyperlipidemia, obesity); hypertensive heart disease; and ischemic heart disease and other diseases of the circulatory system (e.g., coronary heart disease, stroke, and other cardiovascular conditions). Cardiometabolic diseases were responsible for more than 4.8 million deaths among the working-age population between 1990 and 2017 with ischemic heart disease and other diseases of the circulatory system the largest share (3.8 million deaths). The contribution of cardiometabolic mortality to the recent rise in working-age mortality involves several countervailing trends. Death rates due to ENM diseases and hypertensive heart disease generally increased during 1990–2017, especially in the 2010s; and while there have been significant long-term reductions in mortality from ischemic heart disease and other circulatory diseases since 1970, progress had stalled by 2010. The combination of these trends increased all-cause mortality after 2010 because the slowdown in mortality declines from ischemic and other circulatory diseases no longer offset the rise in mortality from ENM and hypertensive heart disease.

Within the working-age population, younger adults (ages 25–44) of all racial/ethnic groups, White men and women, Black men (in the recent decade), and those living in rural areas experienced greater relative increases in mortality due to cardiometabolic diseases. The committee identified three potential explanations for the trends in cardiometabolic mortality—the obesity epidemic; diminishing returns of medical advances; and social, economic, and cultural changes. The increased prevalence of

obesity and its lagged cardiometabolic consequences are the most important. Substantial evidence shows that obesity increases the risks of hypertension, diabetes, stroke, and coronary heart disease, driving up rates of mortality due to cardiometabolic diseases. Obesity rates began to rise in the early 1980s and remain high today as a period-based phenomenon that affects children and adults of all ages. But its cardiometabolic consequences have occurred in a cohort fashion such that more recent cohorts—those born in the 1970s, 1980s, and 1990s—have been exposed to obesogenic environments their entire lives and have been more affected because of their earlier life exposure and longer durations at risk than prior cohorts who were exposed to the period-based changes at older ages.

Second, the substantial progress from the 1970s onward achieved by cardiovascular disease prevention (e.g., reduced cigarette smoking) and more advanced treatments may now be losing momentum. The benefits of medical advances may be offset by the cardiometabolic consequences of rising obesity rates. In addition, those most at risk to cardiovascular disease often face barriers in accessing and adherence to treatments for chronic disease, reinforcing disparities in cardiometabolic health. Third, social, economic, and cultural changes that have undermined economic security, inter-generational mobility, and social support networks also damage cardiometabolic health through stress-mediated biological pathways and reduced access to care.

The Role of Racial/Ethnic, Socioeconomic, and Geographic Disparities in Working-Age Mortality

A review of research identified significant, and in some cases, widening racial/ethnic, socioeconomic and geographic disparities in working-age mortality. While the explanations for these disparities are often specific to certain causes of death, the committee identified three common themes that affected population subgroups at different time periods or in different contexts.

The first is the role of adverse economic trends (e.g., stagnant wages, collapse of job sectors, unemployment) that affected certain geographic areas and population subgroups more so than others.

For example, the loss of manufacturing and mining jobs in the industrial Midwest and Appalachia in the 1970s led to a long-term economic decline, often concentrated among the largely White families and communities in these areas. Declining economic conditions tend to weaken societal institutions, community resources, family bonds, social networks, and access to health care—all of which could explain working-age mortality disparities according to geography, socioeconomic status, and race and ethnicity.

A second theme is socioeconomic inequality, which could explain the pace and timing of rising 21st century working-age mortality, as well as the longstanding racial/ethnic disparities in mortality that have persisted throughout U.S. history. Due to the legacy and persistence of structural racism in the United States, Blacks and other minority groups have experienced longstanding socioeconomic inequalities that have compromised their health and produced much higher mortality rates than among Whites. With the growing importance of education within U.S. society and need for academic credentials to obtain well-paying technical and professional jobs, socioeconomic inequality has also deepened among Whites, widening socioeconomic disparities in White mortality.

A third theme includes vulnerability, which mediates the degree to which adverse economic conditions and socioeconomic inequality make particular groups more susceptible to morbidity and mortality risks. For example, due to educational, job, and housing discrimination, Blacks tend to work and live in segregated and often disadvantaged neighborhoods, increasing their exposure to obesogenic, unsafe, and low resource environments that limit access to healthy foods and green space for physical activity and medical and behavioral health services, which in turn, increase mortality risks.

Lessons from the COVID-19 Pandemic

For many people, the pandemic changed people's lives in ways that potentially exacerbated underlying mortality trends, such as increasing unemployment and economic insecurity; reducing access to health care, fresh and healthy foods, and other resources; and increasing social isolation by reducing opportunities for social interaction and support. Although the mortality trends the committee examined

ended in 2017, before the COVID-19 pandemic began, the report commented on preliminary reports of mortality rates and racial-ethnic disparities in mortality as the pandemic spread during 2020. The main conclusion the report drew was that COVID-19 has reinforced and exacerbated existing mortality disparities within the United States. It has underscored the importance of key themes that were articulated throughout this report by highlighting the ways in which economic conditions and socioeconomic inequalities make certain population groups and geographic areas more vulnerable to COVID-19.

First, the report documents increased working-age mortality from drug poisoning and cardiometabolic diseases, such as obesity, hypertension, and diabetes; and these conditions were identified as risk factors for COVID-19 morbidity and mortality and defined vulnerable groups in need of prioritized care. The increased prevalence of cardiometabolic diseases in the U.S. working-age population highlighted in this report may help explain the unexpectedly high COVID-19 death toll seen among young and middle-age adults in the United States compared to other countries. Moreover, there is emerging evidence that the stressors of the pandemic led to an increase in substance use (both alcohol and drugs) as a coping mechanism, potentially foreshadowing future increases in mortality from these causes.

Second, the report examines geographic and socioeconomic disparities in health among the U.S. population, the growth in social division and income inequality, and the potential association of these disparities with trends in working-age mortality. Similarly, the pandemic exposed the heightened vulnerability of certain geographic areas (e.g., hard-hit states, rural areas, low-income neighborhoods and communities) and the economically disadvantaged to COVID-19. Low-income individuals were disproportionately represented among service and front-line workers with the greatest exposure to the virus and were less likely than more-advantaged groups to be able to work from home, adhere to social distancing guidelines, and sustain their families (e.g., to avoid food and housing insecurity) amid a

devastated economy. They were also more likely to have comorbidities associated with more severe COVID-19 illness.

Third, the report documents large disparities in mortality among people of color. These disparities are reflected in the disproportionately high rates of infection, hospitalization, and death from COVID-19 experienced by Blacks and Hispanics. Although these racial/ethnic disparities were undoubtedly due at least in part to the geographic concentration of the initial surge in infections in large, racially and ethnically diverse central metropolitan areas, such as New York City, San Francisco, Seattle, and Los Angeles, the virus subsequently spread to less-populated and less-diverse areas of the country. By January 2021, both case and mortality rates for COVID-19 were higher in nonmetropolitan than in metropolitan counties. And even in nonmetropolitan areas, large racial/ethnic disparities persisted.

Implications for Research and Policy

From a historical perspective, the recent rise in U.S. working-age mortality and resulting declines in life expectancy are relatively new phenomena. As the committee's report documents, because the rise in working-age mortality was specific to certain causes of death but with varying patterns by age, sex, race and ethnicity, socioeconomic status, and geography, existing research into these complex and multilayered patterns is sparse, and research attempting to better understand the explanations for these changing patterns is nascent. Much remains to be learned, therefore, and the committee proposes numerous research efforts to generate better evidence that can serve as a basis for evaluating and refining salient policies. These recommendations span multiple levels and modes of analysis (individual, institutional, societal, and cross-national; quantitative and qualitative); address a variety of disparities (socioeconomic, racial/ethnic, geographic); encompass a range of causes of death and related factors (drug poisoning; alcohol-related deaths; suicide; cardiometabolic diseases; mental illness; obesity; adverse childhood experiences; psychosocial indicators, such as stress, despair, hopelessness,

coping, and resilience; long-term economic changes; social factors, such as family structure, community support, and religiosity); and propose numerous improvements to the data infrastructure that supports this research.

The report focuses on an exceptionally complex set of patterns, trends, and explanations for which clear or simple solutions are lacking. Nonetheless, despite this complexity and the necessary reliance on observational and administrative data, the committee emphasizes the urgency of policy action in the face of a population health crisis that is claiming the lives of people in the prime of their lives (a crisis that has been exacerbated by the COVID-19 pandemic). Like the phenomena driving the crisis, policy responses need to be multilevel, focusing not only on the immediate causes of these deaths, such as drugs and obesity, but also on the upstream "causes of the causes," such as living conditions that increase the vulnerability of communities, families, and individuals to premature mortality.

The committee accordingly offers policy recommendations (see Table 1 below) regarding obesity prevention programs, interventions to target the substance use and overdose crisis at multiple levels on both the supply and demand sides, and the expansion of Medicaid under the Affordable Care Act. The committee also presents broader policy conclusions (see table below) regarding the need to balance the rights of the food industry, advertisers, grocers, and restaurants to enjoy free market competition against the public health imperative to limit the promotion and consumption of foods and beverages that contribute to obesity; the need to revitalize the communities hit hardest by the overdose crisis by addressing the larger economic and social strains and dislocations that made those communities vulnerable in the first place; and the importance of dismantling structural racism and discriminatory policies of exclusion so as to reduce and ultimately eliminate inequalities that continue to drive racial/ ethnic disparities in health and mortality in the United States.

The United States is losing far too many lives far too early. While it is clear that the research base for understanding the nature of this complex problem needs to be strengthened, the rise in working-age mortality threatens the future of the nation's families, workforce, economy, and national security. It therefore constitutes a crisis that requires action even if the evidence is imperfect or only suggestive of causal effects and solutions.

Thank you for the invitation to testify. I welcome any questions you might have.

Table 1. Policy Conclusions and Recommendations[a]

Opioids, Other Drugs, and Alcohol
Policy makers should implement policies that better address the U.S. addiction and overdose crisis and prevent future crises. In general, the most effective interventions target both risk and protective factors at multiple levels, including the individual, family, community, and society. - The Food and Drug Administration, the Drug Enforcement Administration, and other federal and state regulatory agencies should strengthen regulatory control and monitoring of the development, marketing, distribution, and dispensing of prescription drugs. - The pharmaceutical industry (including manufacturers, distributors, dispensers, and trade associations) should develop and fund stronger internal standards, regulatory structures, and procedures for surveillance and prevention of activities that could result in misuse, addiction, or other harms among users of its products. It should also develop stronger sanctions for violation of these standards. - Federal, state, and local governments should invest in programs that focus on substance use as a public health issue and pursue alternatives to arrest and incarceration. Such programs should be aimed at reducing barriers to and encouraging entry into substance use disorder treatment. - Medicaid and state and local government agencies (e.g., health departments, social services, public schools) should expand access to and improve the quality of substance use prevention, treatment, recovery, and harm reduction programs, as well as mental health counseling and treatment for people with substance use disorders. Substance use prevention programs should begin early, focus on life skills training and prosocial development rather than on fear, and be targeted to children and adolescents most at risk of early initiation of drug and alcohol use (e.g., those living in neighborhoods of low socioeconomic status, those who have suffered adverse childhood experiences).
Economic policies are needed to address the larger economic and social strains and dislocations that made communities that experienced economic decline over the past four decades vulnerable to opioids and other drugs. This effort may require a holistic approach to development that involves federal, state, and local governments as well as a range of private-sector actors.

Cardiometabolic Diseases
Designers of obesity prevention programs should focus on developing programs that start early in life and target children and adolescents most at risk of obesity (e.g., racial/ethnic minorities, females, people living in poverty and in neighborhoods of low socioeconomic status) and those who are overweight or gaining weight, thus intervening before obesity trajectories become set throughout adulthood.
To reduce the per capita calorie consumption and body mass index levels of the U.S. population, policy makers will need to implement laws and regulations that preserve a healthy balance between the rights of the food industry, advertisers, grocers, and restaurants to enjoy free market competition and the public health imperative to limit the promotion and consumption of foods and beverages that contribute to obesity.
Cross-Cutting
Given recent findings regarding largely better health and lower mortality among working-age adults who live in states that have expanded Medicaid under the Affordable Care Act, the 12 states that have not yet expanded access to Medicaid should do so as soon as possible. The National Institutes of Health and private foundations should also support research to analyze the long-term effects of Medicaid expansion on the health and mortality of the working-age population.
To reduce and ultimately eliminate racial/ethnic and other socioeconomic inequalities that continue to drive racial/ethnic disparities in U.S. working-age mortality, policy makers and decision makers at all levels of society will need to dismantle structural racism and discriminatory policies of exclusion (in such areas as education, employment and pay, housing, lending, civic participation, criminal justice, and health care) and be intentional in ensuring that new social and economic policies serve to eliminate, and not perpetuate, the social and economic inequalities to which racial/ethnic minority groups have long been exposed.

[a] Additional data and research recommendations are included in the full report, which has also been submitted into the record.

The CHAIRMAN. Dr. Harris, thank you very, very much. I believe that Senator Braun is going to introduce Dr. Cooke.

Senator.

Senator BRAUN. Thank you, Mr. Chairman and Ranking Member Collins. My pleasure to introduce Dr. William Cooke, fellow Hoosier. Graduated with honors from the IU School of Medicine in 2001. Completed his family medicine residency at Memorial Hospital in Muncie, Indiana. Dr. Cooke is a fellow of the American Academy of Family Medicine and the American Society of Addiction Medicine, specializing in addiction and HIV medicine. He has received national recognition for quality and compassionate care, including being named Family Physician of the Year by the American Academy of Family Physicians.

Dr. Cooke lives in his hometown of New Albany with his wife Melissa and their six kids. He also serves as the Executive Director of a nonprofit Refresh, the hospital's Medical Director at the Critical Access Hospital in Scott County, and Co-Director of the Rural Center of HIV and STD Prevention. In 2015, Austin, Indiana became the epicenter of the national opioid crisis and the worst drug fueled HIV outbreak in U.S. history. At the time, Dr. Cooke was the only physician in this rural Southern Indiana town.

In response, he and his team went the extra mile to improve their own capacity to care for people living with HIV, even going door to door in his community to provide care for the people newly diagnosed. Today, almost 80 percent of Dr. Cooke's patients living with HIV have undetectable viral loads. Dr. Cooke continues to provide full spectrum primary care to those in his community, including the people with substance abuse disorders and mental health challenges. Look forward to hearing your testimony today.

The CHAIRMAN. Dr. Cooke.

STATEMENT OF WILLIAM E. COOKE, M.D., FAAFP, FASAM, AAHIVS, OWNER AND MEDICAL DIRECTOR, FOUNDATIONS FAMILY MEDICINE, AUSTIN, IN

Dr. COOKE. [continuing]. Just a few seconds to thank Senator Braun and the other panelists, Sheriff MacKenzie and Dr. Harris presenting today. Good morning, Chairman Sanders, Ranking Member Collins and other Members of the Subcommittee. I spent the last two decades working to increase health equity in underserved areas of Southern Indiana. That is where I grew up, surrounded by poverty, toxic stress, and substance use. And those factors actually contributed to my grandpa's death in his 50's, my aunt's overdose death at the age of 39. Although my parents escaped that fate, providing my brother and me greater opportunity, our family remains an example of how early death profoundly affects life expectancy.

During medical school, I was impressed by our Nation's investment in research and technology. There is no place on earth better keeping sick people alive. After graduating as a family physician, I felt prepared to care for the entire community at my health clinic, regardless of the age or condition, at our critical access hospital, delivered babies, worked in the emergency department, and treated critically ill patients. Even so, nothing could have prepared me for the suffering I found in the Nation's heartland.

Young people with late stage diabetic complications, women dying of cervical cancer, and a man with a tumor on his tongue so large he couldn't even close his mouth. These encounters made me realize that we focus so heavily on treating sick people that we forgot to promote healthy people. As the Surgeon General's report on community health and economic prosperity indicates, our Nation is at a health disadvantage due to inequitable access to vital community conditions that shape health and well-being, such as clean air and water, nutritious food, safe housing, reliable transportation, a livable wage, and a sense of belonging and civic power. There are far too many people like my patients who lack these vital conditions.

Children don't choose where they are born or where they are raised, and if they were born into these low opportunity neighborhoods, their life chances are diminished all the same. Life was more comfortable before I recognized these inequities. My discomfort caused me to cling to beliefs that I had been taught about people who were different than me. But close encounters with real people convinced me that health and prosperity are not solely dependent on comfort or choice but are often limited by access to resources and opportunity. After all, people could only make choices from the options available to them.

The greater the inequality, the greater the inequity, the greater the burden of disease, disability, and early death. We must move beyond the path of disease oriented model and do no harm, to a proactive person centered model of protect from harm. And primary care physicians are uniquely positioned to do just that. Research confirms access to primary care improves health outcomes and life expectancy. Now, you have heard a lot of bad news from the report. Let me just share some hopeful progress we have made in Indiana. As Senator Braun mentioned, my community experienced the worst drug fueled HIV outbreak in U.S. history in 2015. But things look a lot different today, despite having the highest percentage of people who inject drugs living with HIV in the state.

We have defied conventional wisdom by being able to boast the best viral suppression rate in the state. We went from nearly 200 new cases a year to only 1 last year. And although Indiana leads the country in hepatitis C cases, we have cut our community cases by over 75 percent. We have also seen an explosion of people with substance use disorders entering into treatment and recovery, along with fewer diabetic complications, better pain management without the use of opioids, improved prenatal care, fewer hospitalizations, and the list could go on.

We did this with very limited resources, and I believe we have reduced the impact of social determinants on our community by getting outside the four walls of my clinic and getting into where people live and experience harms. A few examples include school, jail, and mobile clinics working with the sheriff and the recovery community to respond to overdoses and people in crisis by providing them direct access to treatment. Project Echo enables my team to provide interdisciplinary access to endocrinology, rheumatology, infectious disease, addiction medicine, and women's health.

Telehealth allows patients greater access to us and to their support networks. And interdisciplinary teams with diverse lived experiences help my patients feel safe accessing care and overcoming barriers. Integrating health care with Centerstone, a nonprofit behavioral health system, allows for decreased stigma and barriers to mental health. Community recovery and faith based partners help meet basic human needs for food, safety, and belonging.

Now our fee for service system doesn't reimburse for these interventions, which highlights the need to move toward a payment model designed to address health inequities. Health care disasters don't just happen, they develop right before our eyes, unseen or ignored before it is too late, then the people who are already suffering are the ones who are harmed the most. We must recognize the cumulative effect of every person's health on our Nation's health.

By taking this crisis of health inequity and declining life expectancy on now, we can reestablish the United States as the healthiest place in the world to live. Thank you for the opportunity to discuss this important topic with the Committee, and I look forward to your questions.

[The prepared statement of Dr. Cooke follows:]

PREPARED STATEMENT OF WILLIAM E. COOKE

Good morning, Chairman Sanders, Ranking Member Collins, and Members of the Subcommittee: I am Dr. William Cooke, a family physician from Indiana. Thank you for the opportunity to speak to you today.

I've spent two decades working to increase health equity in underserved areas of Southern Indiana. That's where I grew up surrounded by poverty, toxic stress, and substance use. Those factors contributed to my grandpa's death in his fifties and my aunt's overdose death at 39. Although my parents escaped that fate, providing my brother and me greater opportunity, our family remains an example of how early deaths profoundly affects life expectancy.

During medical school I was impressed by the investment we've made in research and technology. There's no place on earth better at keeping *sick* people alive.

As a family physician I felt prepared to care for the entire community at my office, regardless of age or condition. At our critical access hospital, I delivered babies, worked in the Emergency Department, and treated critically ill patients.

Even so, nothing could have prepared me for the suffering I found in the Nation's heartland. Young people with late-stage diabetic complications, women dying from cervical cancer, and a man with a tumor on his tongue so large he couldn't close his mouth. These encounters made me realize that our healthcare system focuses so heavily on treating *sick* people it fails to promote *healthy* people. As the Surgeon General's report on Community Health and Economic Prosperity indicates, our Nation is at a health disadvantage due to inequitable access to vital community conditions that shape health and well-being, such as: clean air and water, nutritious food, having safe housing, reliable transportation, a livable wage, and a sense of belonging and civic power. [1]

There are far too many people, like many of my patients, who lack these vital conditions. Children don't choose to be born and raised in these "low opportunity neighborhoods," yet their life chances are diminished all the same.

Life was more comfortable before I recognized these inequities. My discomfort caused me to cling to beliefs I'd been taught about people who were different from me. But close encounters with real people have taught me that health and prosperity are not solely dependent on effort and choice but are often limited by the re-

[1] Community Health and Economic Prosperity: Engaging Businesses as Stewards and Stakeholders—A Report of the Surgeon General, (Atlanta: US Department of Health and Human Services, Centers for Disease Control and Prevention, and Prevention Office of the Associate Director for Policy and Strategy, January 2021), 11, *https://www.hhs.gov/sites/default/files/chep-sgr-full-report.pdf*.

sources and opportunities available where they live. After all, people can only make choices from the options available to them.

The greater the inequity the greater the burden of disease, disability, and early death. We must move beyond the passive, *disease*-oriented model of "do no harm" to a proactive, *person*-centered model of "protect from harm." Primary care physicians are uniquely positioned to do just that. Research confirms access to primary care improves health outcomes [2] and life expectancy. [3]

You've heard a lot of bad news. I'd like to highlight some hopeful progress we've made in Indiana.

My community experienced the worst drug fueled HIV outbreak in U.S. history in 2015, but things look different today. Despite having the highest percentage of people who inject drugs living with HIV in the state, we have defied conventional wisdom by boasting the best viral suppression rate in the state. We went from nearly 200 new cases of HIV in 2015 to only having one last year. Although Indiana leads the country in hepatitis C cases, we've decreased our cases by over 75 percent. We've also seen an explosion of people with substance use disorder enter treatment and recovery, along with fewer diabetic complications, better pain management without the use of opioids, improved prenatal care, reduced hospital admissions, and the list goes on. We did this with no specialists and limited resources. I believe we've reduced the impact of social determinants on our community by getting outside of the four walls of my clinic. A few examples include:

- Mobile, school, and jail based clinics.
- Working with our sheriff and recovery community to respond to overdoses and people in crisis by providing them direct access to treatment.
- Project ECHO enables my team to provide interdisciplinary access to endocrinology, rheumatology, infectious disease, addiction medicine, and women's health.
- Telehealth allows patients greater access to us and their support networks.
- Interdisciplinary teams with diverse lived experiences help patients feel safe accessing care and overcoming barriers.
- Integrating care with Centerstone, a nonprofit behavioral health system.
- Community, recovery, and faith-based partners help meet basic human needs for food, safety, and belonging.

Our fee for service system doesn't reimburse for these interventions, which highlights the need to move toward payment models designed to address health inequities.

Healthcare disasters don't just happen; they develop right before our eyes, unseen or ignored until it is too late. [4] Then, the people who were already suffering are the ones who are harmed most. We must recognize that there is a cumulative effect of every person's health on our Nation's health. But by taking on this crisis of health inequities and declining life expectancy now, we can reestablish the United States as the healthiest place in the world to live.

Thank you for the opportunity to discuss this important topic with the Committee and I look forward to your questions.

The CHAIRMAN. Well, Dr. Cooke, thank you for testifying and congratulations on your work.

Senator Collins is going to introduce Police Chief Mackenzie.

Senator COLLINS. Thank you very much, Mr. Chairman. I am delighted to introduce Kennebunk Police Chief Robert Mackenzie. He is 33rd—a 33 year veteran of law enforcement. The Chief recently received the Outstanding Contribution to Law Enforcement Award

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[2] Starfield B, Shi L, Macinko J. Contribution of primary care to health systems and health. *Milbank Q*. 2005;83(3):457–502. doi:10.1111/j.1468–0009.2005.00409.x.

[3] Basu S, Berkowitz SA, Phillips RL, Bitton A, Landon BE, Phillips RS. Association of Primary Care Physician Supply With Population Mortality in the United States, 2005–2015. JAMA Intern Med. 2019;179(4):506–514. doi:10.1001/jamainternmed.2018.7624.

[4] Cooke, W. 2021.*Canary in the Coal Mine: A Forgotten Rural Community, a Hidden Epidemic, and a Lone Doctor Battle for the Life, Health, and Soul of the People*. Tyndale House Publishers.

from the main Chiefs of Police Association for his incredible work in the field of substance abuse disorder in 2020.

This was certainly a well-deserved honor and recognition from his peers. Chief Mackenzie is a graduate of the FBI National Academy in Quantico, Virginia, and he holds a Bachelor of Science degree in criminal justice from Husson University. He is a true leader in this area and I am delighted he is joining us today. Thank you.

The CHAIRMAN. Chief.

STATEMENT OF ROBERT F. MACKENZIE, CHIEF OF POLICE, KENNEBUNK POLICE DEPARTMENT, KENNEBUNK, ME

Mr. MACKENZIE. Thank you, Chairman Sanders and Ranking Member Collins, and Members of the HELP Committee. So I am Bob Mackenzie, a Police Chief for 13 years in the town of Kennebunk. But I have been in law enforcement for over 33 years and actually in public safety since I was 14 years of age, as a firefighter and then as an EMT from 16 years of age.

I am also a Rotarian, past President of Kennebunk Rotary Club. I also Chair the Rotary District 7780 Recovery Initiative. I also serve on the Board of Directors from Milestone Recovery in Portland, Maine and United Way of Southern Maine. So I witnessed far too many times the tragedies due to the opioid epidemic and disease of substance use disorder, otherwise known as SUD. Now as devastating as these losses are, it became even more real for me when I realized my daughter was suffering from an opioid use disorder. Now, because of my work on an SUD that specialized in the opioid epidemic, I knew my daughter was at great risk for death.

I was fortunate to have the resources and know how in order to help my daughter find her path to sobriety, and I am proud to say she is more than 18 months in recovery now. I also know that there are many loved ones not as fortunate as mine and 2020 certainly proved to be a devastating year, and not only because of COVID, but because of the loss of lives to SUD and the opioid epidemic. The most recent national statistics I have seen for 2020, as Senator Collins said, was a 30 percent increase over 2019, but that equates to about 93,000 Americans that died. And what is important to remember is that these stats are somebody's loved ones. Now, on a positive note, resources for SUD have and will continue to adjust for the pandemic and we are becoming very creative as to our approach.

We have implemented a number of initiatives in our region over the past 5 years and I will share three of them that I believe are most relevant for this discussion. The first thing we needed to do is reduce stigma, because stigma is the No. 1 barrier for those that suffer from SUD to enter recovery. Stigma related to SUD is far too prevalent in our society. But once people are educated, they tend to open their minds and their hearts.

I began educating our Kennebunk Rotarians on SUD and the opioid epidemic and trained them on how to use naloxone, which is the drug that reverses an opioid epidemic—overdose, that is. I went on to train our Chamber of Commerce, our businesses, held several community forums, and even students at Kennebunk High School. I have trained at least 35 Rotary Clubs throughout Maine and New Hampshire, all with the goal of raising awareness and re-

ducing stigma. Now, another initiative that is currently underway in our community is called Kennebunk Area Response to Substance Use Disorder.

This is where we convene stakeholders of three towns to include our town managers, law enforcement positions, recovery centers, faith based leaders, mental health providers, those in recovery and more. We first identify the issues surrounding SUD, what resources we currently have, but even more important, we identify gaps so we can create a strategic plan to close those gaps. This type of initiative educates everyone and so we are all on the same page, we are more efficient, cost effective, and we are not working in silos any longer.

The third initiative in the Kennebunk area includes a community based fundraising group called Above Board that came forward with a desire to raise money to support our efforts on saving lives. A total of $110,000 was raised and was utilized to train community members to become recovery coaches. A recovery coach is a mentor to those with SUD and helps them find a path to recovery and stay in recovery. In addition, these funds were used to train our law enforcement officers on how to help those with SUD.

Now there are times when law enforcement needs to use enforcement, but there are many more times when law enforcement officers can be an ally and help those in need. I am proud to say that this model of law enforcement training became a mandatory training module for all of our officers in the State of Maine last year. These are only a few of the initiatives we have undertaken in our region. Our community is dedicated to helping those with SUD because we know recovery is possible. I have seen it through my own family, and even more so at work with those struggling with SUD were at great risk of death, but are now healthy, happy, and productive citizens who are doing great work to strengthen the recovery community.

The key word here is community. It is by working together at the local level where we know our community is the best and have the ability to utilize the resources of the state and Federal Governments, we will make a difference and save lives. I thank you for your time and attention to this matter and welcome any questions that you may have.

[The prepared statement of Mr. MacKenzie follows:]

PREPARED STATEMENT OF ROBERT F. MACKENZIE

Thank you Chairman Sanders, Ranking Member Collins and Members of the H.E.L.P. Committee. My name is Bob MacKenzie and I am the Chief of Police in Kennebunk, Maine. I am a veteran of public safety for over 40 years, to include 33 years in law enforcement, serving as Chief for the past 13 years, and also served as a firefighter/Emergency Medical Technician up to the Critical Care level for over 30 years. I am also a proud Rotarian, Past-President of the Kennebunk Rotary Club and Chairman of the Rotary District 7780 Recovery Initiative. I also serve on the Board of Directors for Milestone Recovery and am a board member of United Way of Southern Maine.

I appreciate the opportunity and am honored to testify before you on a subject near and dear to my heart, the Opioid Epidemic and Substance Use Disorder and how it has impacted our society through not only the lens of a devoted public servant, but as a father.

Through my decades of public safety, I have been a firsthand witness to the death and destruction caused by the disease of substance use disorder, (SUD) and the

Opioid Epidemic far too many times. I have seen families devasted by the loss of their sons/daughters, bothers/sisters, mothers/fathers, and so on.

As devastating as these losses are it became even more real for me when I realized my daughter was suffering from an opioid use disorder. Because of the work I have been doing on SUD, specializing in the opioid epidemic, I knew my daughter was at great risk for death and I was afraid I would be on the receiving end of a death notification. I was fortunate to have the resources and know-how in order to help my daughter find sobriety. It wasn't easy for her as she experienced a reoccurrence, but I am proud to say she is now 18 months in recovery and working with me on an initiative to help others with SUD.

There are many families and loved ones not as fortunate as ours and 2020 was a devastating year, not only because of COVID, but because of the loss of lives to SUD and the Opioid Epidemic. Maine saw a 33 percent increase in overdose deaths in 2020, losing 504 lives to overdose. The most recent national statistics I have seen shows a similar 30 percent increase, estimated to have a death toll of 93,000 Americans compared to over 72,000 deaths in 2019. What's important to remember, is these statistics are somebody's son/daughter, brother/sister, mother/father, etc. . . . My heart goes out to each and every one of them.

There have been resources allocated to SUD and the opioid epidemic, so you may ask why are we failing? We had made progress pre-pandemic, but SUD is a disease of isolation. COVID forced all of us to isolate and many of the resources that had been made available for those suffering with SUD were no longer available or took much time to adjust and could only be utilized remotely. Many of those with SUD do not have the resources to utilize online services. It is typical for those that use to use in solitude, and many die alone after using opioids.

On a positive note, resources for SUD have and will continue to adjust for the pandemic and we are becoming creative as to our approach. We have implemented a number of initiatives in our region over the past 5 years.

An example I will use is what we have done in Kennebunk, ME. The first thing I knew we needed to do was reduce stigma as stigma is the #1 barrier to recovery for those that use. Stigma related to SUD is far too prevalent in our society. Many believe those that use substances are less than and have little value in society. Once educated, people tend to open their minds and their hearts, thus progress can be made.

I first educated Kennebunk Rotarians on SUD and the opioid epidemic and trained many how to use Naloxone, the drug that reverses an opioid overdose. Once that was completed I trained our Chamber of Commerce, businesses, community members through various forums, Adult ED and even students at Kennebunk High school. Then our Rotary District became involved and I trained at least 35 Rotary clubs, presented at our Rotary District conference where I was fortunate enough to educate over 100 Rotarians from three Rotary Districts, and have traveled throughout Maine, New Hampshire Connecticut and upstate New York. Rotary Clubs in seacoast New Hampshire have held community forums on SUD and the Opioid Epidemic. All with the goals of reducing stigma and saving lives.

A new initiative our Rotary District has embraced and is financially supporting is the training of 30 Master Trainers with the goal of educating communities throughout our region on Adverse Childhood Experience's, otherwise known as, (ACE's). ACE's has proven to have significant negative outcomes on physical, mental and behavioral health, to include SUD for individuals and communities. These master trainers are now training school officials, law enforcement, community members and more to identify and work with at risk youth in a trauma-informed way. Approaching problems in a constructive, understanding way, called trauma informed care, rather than traditional punitive methods, has a substantial positive impact on future levels of addition, crime, violence and other societal issues.

A third initiative in the Kennebunk area includes a community-based, fund-raising group called Above Board that came forward with the desire to raise money to support our efforts on savings lives in 2018 & 2019. A total of $110,000.00 was raised and was used to train community members to become Recovery Coaches. A Recovery Coach is a mentor to those with SUD and helps them find their path to recovery, and stay in recovery. In addition, these funds were used to train our law enforcement officers on how to help those with SUD. There are times when law enforcement needs to use enforcement, but there are many more times when law enforcement officers can be an ally and help those in need. I am proud to say that this model of law enforcement training became a mandatory training module for all officers in Maine last year. We also were able to utilize these funds to partner with

a mental health agency as so a clinician would ride-along with officers and assist those with SUD and mental health issues.

The fourth initiative currently underway in our community is the Kennebunk Area Response to SUD. We convened stakeholders of three towns to include, town managers, law enforcement, physicians, recovery centers, faith based leaders, mental health providers, those in recovery and more. We first identified the issues surrounding SUD, what resources we currently have but even more important, identified gaps as so we can create a strategic plan to close the gaps. This type of initiative educates everyone as so we are on the same page, are more efficient, cost effective and not working in silos.

The fifth initiative we have utilized in Kennebunk are interns. In early 2020 we partnered with the University of New England to bring on an intern from UNE's School of Social Work where we had a graduate student intern at Kennebunk PD for a full semester. This student was supervised by a licensed clinician, but was able to conduct ride-along with officers as well as conduct follow-ups on those who were struggling with SUD and mental health issues. Given the success of this initiative, we are currently in a process to hire a mental health clinician. We also utilized AmeriCorps to have a VISTA intern at our PD for 2 years to provide additional support for our efforts on SUD.

A sixth initiative prior to the pandemic was partnering with The Family Restored, which is a support group for families of loved ones struggling with SUD. Family is a support network and can play a critical role of a loved ones recovery. I had many sleepless nights when my daughter was struggling, and I had a pretty decent handle on resources and what needed to be done. Most families are at a loss, don't know what to do or where to turn and in many instances unknowingly enable their loved ones. Family support groups is a harm reduction tool and should be prevalent and accessible throughout our country.

Even with the initiatives we have brought forth there are many other initiatives which would be very beneficial and I feel are needed in order to have the best outcomes and save lives. Here are some of my thoughts:

Peer led recovery community centers, such as the Portland Recovery Community Center, (PRCC) is a community center open to those in need. PRCC's vision statement explains it well:

> *PRCC's vision is that every person affected by addiction in Maine will have direct access to a local recovery community center that provides support groups, education, and individual resources to enhance their ability to heal, strengthen and grow in their recovery pathway, throughout all stages of their journey*.

Maine currently has 13 recovery community centers with the goal of 17, one for each county in Maine. I believe once again we need one in every community in our Nation as SUD is that prevalent.

Another vital need is recovery/detox centers. I can speak as a board member of Milestone Recovery in Portland, Maine which is a non-profit center providing a life-saving function to those with SUD from all over. Milestone runs on a very tight budget but does not refuse anyone who cannot pay. In Maine there are very few options for recovery centers, and many of the ones we do have are for-profit. Many with SUD do not have the means to pay or have health insurance that cover the costs, so there are many times where people in need do not receive the help they want/need. It is important to note that many of those with SUD who are ready for recovery only have a short window to get help before their disease changes their mind.

It is my opinion that mental health clinicians should be available to every law enforcement agency. Based on our experience with our intern and clinician, and based upon my over 33 years on the job, we need the expertise of a licensed professional clinician to assist us, not only at the time of mental health events, but to conduct follow-up with those suffering from SUD/mental health calls that law enforcement come into contact with. Clinicians have the know-how, time and ability to connect those in need to the correct services. Although law enforcement officers are not licensed mental health clinicians, we routinely have to play that role as options are limited to those in need. Our agency and town has benefited from the COPS hiring grants in the past, but now is the time to allocate funds for licensed clinicians to be embedded within law enforcement agencies. It's not only a community policing initiative, it will save lives and save money in the long run.

Thank you once again for this opportunity and I appreciate your time to this critical issue facing our country. By working together we will make a difference and save lives!

The CHAIRMAN. Chief, thank you very much. Let me begin the questioning with Dr. Harris. Dr. Harris not only are we seeing a decline in life expectancy in many parts, many sectors of our society, but we have for many years lagged behind other wealthy, industrialized countries.

What impact would it have on life expectancy in America if all of our workers had decent wages, that was at least a livable wage, decent housing, and if we did what every other major country on earth does and provide health care as a human right? Would that, in your judgment, impact life expectancy in the country?

Ms. HARRIS. Yes, it would. A lot of people look at the differences in life expectancy between the United States and our peer countries and, attributed it to the racial and ethnic disparity. But even if we eliminated that, we would still be behind. So the cause is much deeper and broader, and it is rooted in inequality, socioeconomic inequality, poor economic conditions, and the stress of living with those conditions.

I think that opportunities for jobs, if everybody had a job that would provide them with a sense of meaning and dignity and purpose in life, and it would allow them to take care of their families or promote their children or upward mobility. And I think that would really cut to the heart of helping us catch up to other rich nations in life expectancy.

The CHAIRMAN. Thank you very much. Let me ask Dr. Cooke a question, and congratulations, Doctor, for the work that you are doing taking health care out of the clinic, into the community. Talk a little bit about, if you might, the physiology of poverty. What happens to somebody who is struggling economically, who maybe has given up hope for himself or herself, the kids? How does that impact their outlook on life and their tendency to use drugs, alcohol, suicide, self-destructive behavior?

Dr. COOKE. Yes. Oftentimes when I am working with people, I realize that they have made a lot of effort in their life to get to where they wanted to be in life. But somewhere along the way, circumstances had appeared to be so overwhelming that they developed this sense of learned helplessness. No matter what they do, they can't get ahead. And one of the things that I found is the most helpful when I am working with people is trying to reestablish within them the sense of purpose and meaning.

When they find that and they are able to project that into the world, all of a sudden some of those circumstances don't seem as overwhelming any longer. And when we look at substance use disorder, the recovery community is such a vital piece of that. But toxic stress is damaging to the body. It is damaging to the mind, the brain the way it is developed with childhood—adverse childhood experiences. It disrupts the neural development, and it leads to these behaviors that then lead to poor health outcomes, unfortunately.

The CHAIRMAN. Thank you. Chief MacKenzie, as a Police Chief, you and your department are on the front lines every day dealing

with these things, in your personal judgment, what are the causes today that bring young people especially to a dependency on drugs or alcohol? What is going on?

Mr. MACKENZIE. Certainly. Well, I agree with regard to the issue around adverse childhood experiences. A lot of research has been—the scientific research has been done on that. So children that grow up with adverse experiences in their home are much more likely to have issues anywhere from suicide health issues, but also substance use disorder.

Any child that grows up in that type of environment, they could be subject to substance abuse in their home, separation or divorce of their parents, mental illness, domestic violence, neglect, both emotional, physical, or sexual abuse. But the more issues that they have, the more chances are that their life expectancy is going to be shorter.

I know there was a Florida study of juvenile offenders who have 50 percent of them had an ACE score of four or more. And to put that in perspective, those with ACE scores of 4 or more were 12 times more likely to have attempted suicide, 7 times more likely to be an alcoholic, or 10 times more likely to have injected street drugs, and ACE scores of 6 or higher, an almost 20 years short end of lifespan. So I definitely feel that ACE has a lot to do with it.

The CHAIRMAN. Well, thank you very much, Chief.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman. Let me begin my questions by first thanking Chief Mackenzie and Dr. Cooke for so eloquently sharing with the Committee your own family's struggles. It certainly puts a human face on the statistics, and it reminds each and every one of us, if we don't already know it, that no family is immune. And I think that is a really important lesson.

Thank you for your willingness to share your own personal stories. Chief, I want to start with you. Prior to the start of the COVID pandemic, we started to see some glimmers of progress in the State of Maine. I remember in 2018 and 2019, the number of deaths, while still unacceptably high, was going in the right direction. It was declining.

Then Congress had passed a lot of legislation to help, including a bill that I co-authored related to opioid peer to peer support networks and safe disposal of unused medications, and Congress also significantly ramped up the funding that we provided. And yet once the pandemic hit, we seemed to lose all of the progress that we made.

Indeed, as both you and I mentioned, Maine experienced a record number of losses, 504 deaths last year, which was a 33 percent increase over the year before. What happened? What factors do you think caused us to lose the ground that we were gaining?

Mr. MACKENZIE. Certainly. So, once COVID came—once COVID came, what we were told to do is isolate. Now, substance use disorder is a disease of isolation. Many people that use, use in solitude, they are by themselves when they use in many instances. Now, in addition, many, many of the resources that have become available were really no longer available, especially the peer to peer support, the in meeting—the in-person meetings that were being held.

Now we tried to struggle through that and be creative and maybe do some meetings via zoom and other platforms. But one of the issues is that many people that utilize substances do not have the resources or the ability to go online. It is not just that easy for them. So COVID certainly just forced the issue of isolation more. And I believe that is why we have seen such an issue with the deaths increasing.

Senator COLLINS. Thank you. Dr. Cooke, in the Chief's testimony he referred to the stigma of getting assistance. I believe it was the Chief that mentioned that. And I have seen that time and time again in talking with friends who are struggling or have children who are struggling. I have also seen a success story in this regard, and that is at the V.A.. The Veterans Administration has been using telemedicine to reach out to veterans in rural areas who are struggling with substance abuse disorders or other behavioral health challenges.

What they have found is their no-show rate has dropped dramatically and that the veterans got much more comfortable with telemedicine counseling and treatment sessions than they did being seen going into a counselor's office. Now, that said, that there is that stigma. But I wanted you to comment, you alluded to the fact that we need to revise our reimbursement policies because we temporarily are reversing—or reimbursing while COVID is going on, but I fear that is going to come to an end. How important is telemedicine in reaching people and how important is that reimbursement?

Dr. COOKE. Thank you for that question. We told everybody to socially isolate, right, socially distance from each other, and I think what we meant by that was physically distant from other people. We really needed to maintain our social connections with other people. And telemedicine is a wonderful tool to be able to do that. It doesn't replace in-person meetings. It doesn't replace face to face interactions with people, but it does allow us to stay connected to people that we would otherwise be physically distant from.

By—if you look at the Ryan White program, there is a reason why the viral suppression rate of people living with HIV in the Ryan White program is better than in other clinics. And that is because they address those underlying critical, vital community conditions, those social determinants of health, that social health and equity of transportation and such. By allowing those Ryan White funded clinics access to money that can provide transportation, that can provide social interactions, and support groups.

We just recently developed a statewide support group for people living with HIV so they know they are not alone, and we can get through this together. So I think looking at a unique ways to reimburse, better ways to stay connected with people to support them having those access to vital community conditions, would help support healthy people and not just continue to focus on the disease model.

Senator COLLINS. Thank you.

The CHAIRMAN. Thank you, Senator Collins.

Senator Murphy.

Senator MURPHY. Thank you very much, Mr. Chairman. Thank you, Senator Collins, for convening this really important hearing.

Thank you to the three of you for the great work you do in this field. I appreciate the focus that we have already heard today on the social determinants of health. You have all covered it in one way or the other. Senator Sullivan of Alaska and I have introduced legislation that would set up a series of grants to communities to better integrate health care services and social services. Dr. Cooke, I wanted to—because you have raised this in a couple of different ways in testimony and answers to questions.

I wanted to ask you your advice on how to structure the kind of programing necessary to link together social services, whether it be nutritional services, housing services, job training services, and health care services. Is that better off housed on the social service side, better off housed on the health care side, better off done by third parties that are bringing everybody together in one communal table? Have you found any way that this works better?

Dr. COOKE. I would say all the above. Students from Yale just recently published a report on public health funding, and that is one of the things that they looked at, is kind of thinking outside the box and not just funding health departments and nonprofit health centers, but actually funding the entire community through coalitions. And I think it takes the community all working together across the sectors to really address those underlying social determinants of health.

There is a model called ROSC, Recovery Oriented Systems of Care, and it looks at the unique factors within each unique community, because every community is different, it looks different, and needs—has different needs. And it allows that community to figure out what is keeping people down. What is keeping people from being healthy and well and having purpose and meaning in their life.

Allows the cross-sector coalition to develop strategies and definitions that the entire community can get behind and then start developing programs across those different sectors to surround people with all the help that they need to enter into recovery whenever they are ready. Hope that answers your question.

Senator MURPHY. It does. I think that the importance you place on flexibility and recognizing that every community is different is important. Dr. Harris, I want to talk to you about the impact that gun violence has on life expectancy. The data I have seen is fairly remarkable. Nationally, the total life expectancy loss due to firearms was about 2.5 years. As you would imagine, that is a very different number for white Americans, about 2.2 years versus Black Americans 4.1 years. And it strikes me that while that data is relative to the gun violence death itself, the leading cause of death today for African-American young men, 15 to 24.

To the Chief's point, the trauma of being exposed to gun violence, especially at an early age, also must have an impact on life expectancy, given that we know those early traumas lead you into riskier behaviors later in life. So just wanted to get a sense of how much research is being done on the impact of gun violence, both at the rate of death itself, but also the trauma involved in living in violent neighborhoods and how much that factors into this national conversation about life expectancy.

Ms. HARRIS. Thank you for that question. There sort of needs to be a two part answer to this. In the report, we were focused on, what was causing the rise in mortality—and there is significant evidence showing that states that have looser gun laws and more guns have higher rates of suicide and deaths, as you said, especially among young adults for whom that is one of the leading causes. To the U.S., however, the increase to access to firearms we found did not really explain the rise in mortality because other cause, other means of suicide, for example, were contributing more deaths, like suffocation, for example. However it goes without saying that when there is greater access to firearms, the deaths that we were examining of mortality in this report are higher as well as deaths due to violence.

Now, so that is one part. The second point is the access to firearms is clearly an important contributor to violent death rates. And as you said, there has been a lot of new research around the nature of the victim and the perpetrator and how these experiences affect them. But the exposure of family members, neighbors in ways in which crime and violence is higher. And the one thing that we have found is going back to record the importance of communities, which is something that everyone has been sort of talking about.

We think that one of the reasons that we have an increase in cardiometabolic deaths, for example, is due to the neighborhoods in which people live. People who live in unsafe neighborhoods with high crime are—don't have access to open spaces to exercise and can't enjoy a lifestyle that will help them keep their weight down and avoid obesity. They don't live in neighborhoods where they can walk around the corner to the grocery store and get fresh foods and fruits.

It is a—it is a very important problem that the research is only now beginning to address because, now for a while really—the surveys didn't really include questions about guns and guns in the household and being a victim or witnessing a violent crime. So I think that the future is going to be able to provide a lot of answers along those lines.

Senator MURPHY. Very quickly. I take your point that it maybe is not attributed to the recent decline in life expectancy rates likely because it has been for a very long time a significant contributor to the rate of death in many of our communities, in particular communities of color. So thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman, and thank you for the hearing today and the focus on these disparities. We have some startling statistics in my state, I would say they are alarming. When you look to the mortality rates of American Indians, Alaska native persons aged 20 to 29 years, it is 10.5 times higher. Alaska Native, American Indian persons aged between 30, 39, 11.6 times higher. And that of those in the 40 to 49, 8.3 times higher compared to their non-Hispanic white counterparts. They are really troubling. And this was before COVID as well but when you account for these disparities and you notice where we have those that are perhaps the most vulnerable, it is for Alaska native males and those aged 22 to 49.

As I have looked through this report prepared by the National Academy of Sciences, and again, I apologize, I am only looking at a summary. But I look at the trends. In all cases of mortality among males and females and the rates, the thing that I find most striking is we have good maps in the lower 48, the continental United States, but we don't have Alaska and Hawaii. And recognizing that our numbers in Alaska are perhaps so disproportionate when we are looking to the disparity.

I want to ask, and I don't know whether this goes to you, Dr. Harris or to you, Dr. Cooke, am I just not looking at the full report here? Was—were Alaska and Hawaii included, and we just have failed to put them on the map? There are on the map of their own because of the awful statistics. But can somebody address that, and then I want to get back to some of the issues that contribute to these disparities.

Ms. HARRIS. I can address that first in terms of the report and I am so glad you asked this question because the data show exactly what you said that death rates are highest among Alaska native and Native Americans. The reason that you don't see them in the summary is because the data quality was not there for us to include with the other groups over the entire period that we examined, which was 1990 to the 2017.

But the quality of the data are getting better, the reporting of the deaths coming from the various states, and so we do identify several places in the report. You know, how high? Very, very high the risks are of mortality for these reasons. And if I could just quickly add, especially in response to what Senator Murphy talked about, I want to really raise the alarm for what is happening to young adults.

As you commented, the young adults 25 to 44 are a very high risk here. And we see this going into the future. They have experienced the greatest increases in drug overdose deaths, as well as suicide, as well as the cardiometabolic deaths. I will stop there.

Senator MURKOWSKI. Dr. Cooke, did you want to comment on that?

Dr. COOKE. No, I agree with Ms. Harris.

Senator MURKOWSKI. Okay. I just want to acknowledge, and again when we think about health disparities, so many of the other contributing factors that are at play. When we are talking about rural Alaska, in many places is extremely rural. You have over 80 percent of your communities that are not connected by road. You have got small, small communities where really in terms of economic opportunity, it is very, very limited. And you have got kind of a clash between a subsistence lifestyle and being able to get everything on your smartphone and find out what is going on in Los Angeles and New York and feeling like you are being left out of what is happening with the world.

I think we are seeing some indicators, again, as you have suggested, that it is amongst young men who are looking at perhaps their surrounding or their life and are choosing whether it is drugs, alcohol, suicide, the worst, of course, but also we are seeing that reflected in the high levels of diabetes or health outcomes there related so often to—what we are seeing is a change in diet, moving

from a healthy subsistence lifestyle to one that is contributing to increased diabetes, perhaps cancer, liver disease, kidney disease.

I haven't really framed a question there other than to just share my thanks to the Committee for shining a light on this. I am talking about Alaska Natives today, but we know that American Indians in so many parts of this country today are faced with the same disparities. And it is an issue where we are directing a lot of resources finally to the overall health and well-being of native people.

But I think we have so much territory that we have to address that it is going to be a real challenge for us to meet the need. And if we are not all concerned about what we are seeing with young people, particularly our young native men—we have all got to be working on this together, so thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murkowski. I recall, I may be wrong on this, but in the Pine Ridge Reservation in South Dakota, the life expectancy there is something like it is in Guatemala. I mean, it is really just unbelievably low. I believe Senator Braun is returning, but—it is not the case? Why isn't—Senator Collins, if you would like to make your closing statement now, that would be appropriate.

Senator COLLINS. Okay. I want to express my deep appreciation to all of our witnesses today. And Chief, I want to encourage you to continue the work that you are doing in your county and indeed throughout Maine and throughout New England to educate people about substance abuse, to help take away the stigma of getting help, and to assist families in recognizing when they have a problem in their own family. I think that is a huge issue. Dr. Cooke, I want to thank you for the hard work you are doing each day. I am going to submit a question for the record to you about the increase in suicides in rural America. In the State of Maine, we have not been immune from that increase, and our most rural counties have the highest suicide rates.

That may speak to poverty, to feeling disconnected, to isolation, to higher rates of substance abuse. But I am going to be very interested in hearing your thoughts on what we can do to get physicians, primary care physicians to incorporate in an annual physical or any kind of visit, a mental well-being check. I think that is really important. And Doctor, I also want to thank you for the research that you have done. It has helped to inform this hearing and helps us ensure, Dr. Harris, that the work that we do going forward is informed by the best possible data that we can get. I think that is absolutely critical.

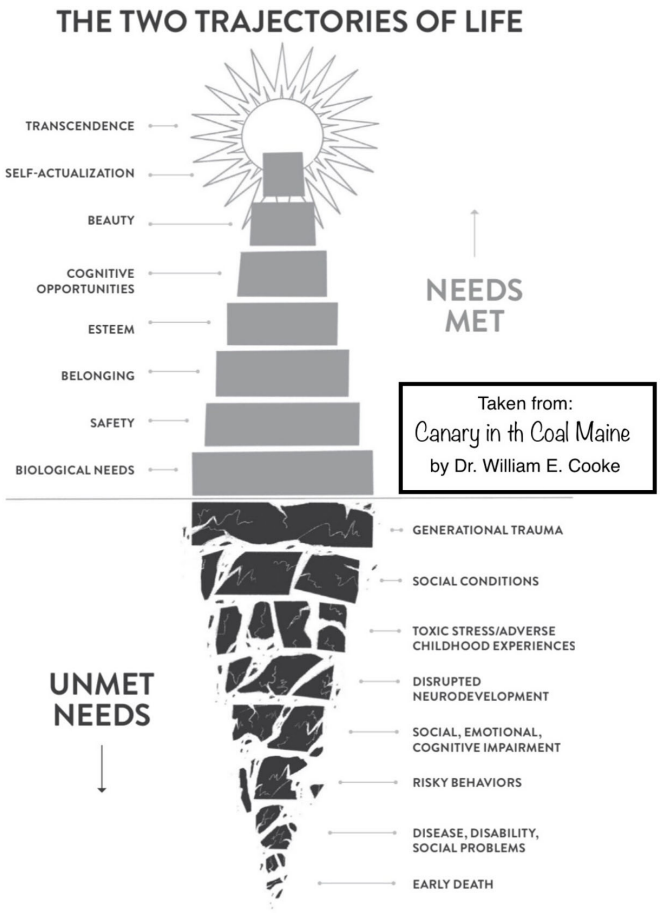
I will have some additional questions for the record, but I did want to take this opportunity to thank each of you for the absolutely critical contributions that you are making to help us understand the social determinants of good health and also to assist us in figuring out policies that will help address everything from drug abuse and substance disorders to the increase in suicides that I find so troubling. Thank you.

The CHAIRMAN. Well, thank you, Senator Collins. And let me thank our wonderful panelists for their remarks today. As I mentioned earlier, I think our goal is to try to create a society in which our people live long, healthy, happy, and productive lives.

Clearly, I think we have got to focus on issues as to why we are behind many other countries with lower income and working class people now in many cases are seeing a decline in their life expectancy. And what Government policy we can bring about to radically change that situation.

Thank you very much for the work that all of you were doing and for helping us shed some light on this serious crisis. Thanks to Members of the Committee who have been here. And with that, I adjourn the meeting.

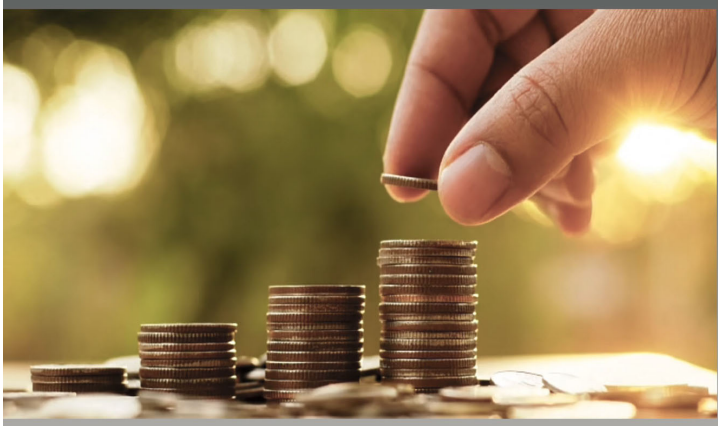
ADDITIONAL MATERIAL



Dr. Abraham Maslow believed that if people were not striving for the higher needs, it was because their lower needs were going unmet. Rather than moving up toward actualization and transcendence, these people were descending toward disease, disability, and early death.

CONFRONTING A LEGACY OF SCARCITY:

A PLAN FOR AMERICA'S RE-INVESTMENT IN PUBLIC HEALTH



A Report by the Yale Global Health Justice Partnership of the Yale Law School and Yale School of Public Health

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May 2021

I. Acknowledgments

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We would also like to extend our thanks to those who participated in the interviews and reviewed this report (a full list of names is included in the appendix). We also give thanks to our team member, Leah Robinson (YSPH 2022) who designed this report and GHJP Co-Directors Ali Miller and Amy Kapczynski for their assistance with this project.

Requests for permission are not needed to use or share this report, provided that an appropriate citation to the GHJP is included.

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II. Executive Summary

The COVID-19 pandemic has highlighted startling inadequacies in the American public health system. At all levels of government, health departments and public health agencies lack the necessary funding to address the nation's most pressing health concerns. Since fiscal year 2010, funding for state and local health departments has fallen by approximately 17%,[1] and the Centers for Disease Control and Prevention's program level budget has remained roughly the same despite many programs receiving inadequate funds.[2] A 2019 study in the American Journal of Public Health suggested that there is an annual gap of $4.5 billion, or $13 per person, in the funding needed to adequately carry out essential public health activities across the United States (US).[3] Meanwhile, there has been only one major attempt to secure a mandatory, sustainable funding stream for public health in the last two decades: the Prevention and Public Health Fund (PPHF). In 2010, the PPHF was established as part of the Affordable Care Act (ACA), but was quickly raided as other priorities took precedence. If the fund had remained intact an additional $12 billion would have eventually flowed to local and state health departments since 2010.[4]

So how do we get out of the deep hole we have dug for ourselves? This report presents a bold proposal for reinvesting in public health, along with a suite of recommendations to streamline the delivery of funds and promote efficient coordination among public health authorities. To develop our proposals, we interviewed over two dozen of the nation's leading public health experts, including leaders in local, city, and state health departments, academics and research scientists, clinicians and health commissioners, former CDC directors, congressional staffers, and activists.

Our conclusion is that the centerpiece of sustainable public health funding in America should be a new mandatory funding stream, made available to states and localities, and insulated from attempts to shift funding away from public health. Mandatory funding should be used to provide a core set of essential public health services on an ongoing basis. While securing this type of funding may have previously been thought to be an unattainable feat, Americans' collective experience with the COVID-19 pandemic has enabled the country to gain a new understanding of the importance of public health. To accomplish this goal and maintain support for these vital efforts, all actors - from government agencies to non-governmental organizations working in public health - must communicate with the public regarding the benefits of public health investment. This is not just about public relations, but also means bringing communities into discussions about how to shape a healthier future for us all.

The present moment is also an opportunity to recognize and address the social determinants of health (SDOH), or the "environmental conditions influenced by where people are born, live, learn, work, play, worship, and age that affect a wide range of

health, functioning, and quality-of-life outcomes and risks."[75] This includes education, housing, food security, and more, and generally falls into the domain of agencies that are not traditionally considered health-specific, such as Housing and Urban Development and the Department of Education. While we do not recommend shifting responsibility away from these players, we believe there is significant work to be done building coalitions and fostering coordination with public health authorities in order to improve the social and economic conditions that undergird our collective health.

Although the hallmark of our proposal is new mandatory funding, discretionary funding must play a role as well, particularly to remedy decades of chronic underfunding. The American Rescue Plan has allocated $93 billion for this purpose. While much of that money is dedicated to fighting COVID-19, the plan does provide substantial funds to support other activities, such as updating physical infrastructure of health department buildings, recruiting and retaining skilled employees, modernizing data management systems, and accrediting local health departments. This funding is a valuable example of what new large, short-term outlays can look like, and demonstrates that securing this type of funding is possible. However, the American Rescue Plan alone will likely not be enough and should be viewed as a starting point rather than as mission accomplished.

The main problem with discretionary funding is that it has generally been limited to use within a single fiscal year. Renewal is always uncertain – subject to the vicissitudes of annual appropriations, where today's priorities can easily be forgotten tomorrow. One solution is to designate funds as no-year, making them available until expended - an approach used in the American Rescue Plan - or to make funds accessible for an extended period, such as three to five years. In addition, new appropriations should give states and localities maximum flexibility but be based on a core set of public health responsibilities tied to the latest scientific evidence and best practices.

The bottom line is that we cannot afford to continue with business as usual. The steady erosion of funding, only rarely offset by isolated bouts of federal generosity, has left us vulnerable. Public health workers across the country are leaving their jobs en masse due to the hardships faced this past year – hardships made worse by underfunding. This exodus only exacerbates the loss of 55,000 public health workers since the Great Recession in 2008. As a result, the American public health system is in crisis. Rising to this challenge will require political commitment at federal, state, and local levels to make public health a priority in America, so when the next national health threat arrives, we will be able to mount a response that protects the lives and wellbeing of everyone.

III. Foreword

After graduating from medical school in 2001, I set up a private practice in the rural, southern Indiana town of Austin. Nothing could have prepared me for the level of deprivation I witnessed in the lives of my patients. Their suffering taught me that circumstances exist beyond the control of far too many people, contributing to an increased burden of disease and death in the United States.

People's health, prosperity, and wellbeing depend on the resources and opportunities available to them. Yet, people do not choose where they are born or how they are raised, and can only make choices from the options available to them.[6] Unfortunately, discrimination and deindustrialization have left pockets of concentrated poverty, toxic stress, and inequity throughout the world's wealthiest nation. This has contributed to a four-decade decline in the health and wellness of the American people.[7] Since the 1980s, the life expectancy in the US has fallen compared to the rest of the developed world, with the average American dying younger than the average person in any of the member nations of the Organisation for Economic Co-operation and Development (OECD) since 1988.[8] This alarming trend reflects the existence of unique factors which create health disadvantages to people living in the US. Although we lead the world in medical advances and average disposable income, we perennially rank near the bottom of the OECD for equality, sense of community, and childhood poverty. Our public health system has not risen to the challenge.

In the town where I practice, this inevitably culminated in 2015 when Austin became the epicenter of the worst drug fueled HIV outbreak in US history. The resulting devastation, which will have lasting health, social, and economic consequences to this entire region, did not have to happen. Research has shown the southern Indiana HIV outbreak could have been avoided if evidence-based public health measures had been in place.[9] The purpose of public health is to prevent events such as this from occurring. Healthcare disasters don't just happen; they develop right before our eyes, unseen or ignored until it is too late.[10] Locations with inequitable distribution of resources, like Austin, strikingly correlate with clusters of disease, disability, and early death. These communities, which are already suffering before diseases and disasters strike, also end up suffering the most during them. We saw this play out on a larger scale during the 2020 COVID-19 pandemic most recently.

Physicians take a pledge to "do no harm" but that feels passive when we know that most of what harms people happens outside of clinic walls. A modern Hippocratic Oath to "protect *from* harm" is needed. This would require us to proactively respond to the needs of communities before tragedy strikes, and to work within a person-centered model instead of one that focuses on diseases.

To accomplish this and reverse the downward trend of health in the US, we must innovatively revise how we invest in public health. This report is a unique collaboration between Yale's Schools of Public Health and Law, and outlines how we can do just that. Through countless hours of research and interviews with public health experts across the country, the authors succeed in bringing attention to the importance of consistent, community-level public health investment to address the vital factors that determine the health and prosperity of our communities.

Although not everyone needs an effective public health system, everyone benefits when it works. Decades of evidence directly link economic prosperity to the health and wellness of people. Investing in economic security without similar investments in the public's health is short-sighted and ultimately futile. For our communities to experience sustainable economic growth, they must first become physically healthier.

This report emphasizes that the existence of basic human needs and social conditions are essential for health, wealth, and wellness to also exist within our communities. Collectively referred to as the social determinants of health (SDOH), these vital community conditions have historically been overshadowed by our American ideals of personal responsibility and rugged individualism.[11] Despite this, America is also a nation of people who are willing to compassionately lend a helping hand to our neighbors and defend their equal right to life.

I trust that as you continue reading, you will agree that it is time to restructure public health funding so it can be used to support individuals to thrive within diverse communities. Addressing the unique strengths and weaknesses of each neighborhood can only be accomplished by shifting decisions about how federal funds are used to locally invested stakeholders. Mandatory public health funding should aim to define a baseline for each vital community condition necessary for individuals to achieve health, prosperity, and wellness. For example, one definable measure could be reliable public transportation accessible to every household in a community. If this can be accomplished for each vital community condition, we will be able to establish an equitable foundation for health for everyone living in the US.

By digging down into what it means to be a healthy person, we can develop these baselines; what defines humane housing, reliable transportation, a safe and thriving natural environment, fair wages, meaningful work, life-long learning, a sense of community belonging, and civic responsibility. Once we do this, we will be able to unleash the potential of locally invested faith groups, civic organizations, government agencies, schools, healthcare agencies, community coalitions, employers, and others to help ensure these baselines are available to everyone. The current system has clearly failed, leaving people vulnerable to disease, disability, and early death. Decades of underfunding public health has also left the workforce, health departments, underserved medical facilities, and public health infrastructure threadbare. Promoting public health through more predictable, ongoing funding will allow for greater local investment and sustainability. Then, when diseases and disasters—like COVID-19—threaten our nation, we will be better prepared.

The cumulative effect of every person's health and wellness on our nation matters. The equitable achievement of health and wellness through local investments in public health infrastructure, which is advocated for in this report, will foster greater national security and economic prosperity for all Americans.

I am sure you will be as impressed with this report as I am. Use it to help promote a bold, new way to re-establish public health as a foundational priority for our great nation.

-- **William E. Cooke, MD, FAAFP, FASAM, AAHIVS**
Physician, Author of Canary in the Coal Mine: A Forgotten Rural Community, a Hidden Epidemic, and a Lone Doctor Battle for the Life, Health, and Soul of the People.

IV. Background

The COVID-19 pandemic has catapulted public health to the forefront of Americans' collective consciousness. As the coronavirus tore across the country, panicked citizens stocked up on essentials as they prepared to isolate, worried that the slightest interaction threatened severe illness or even death. People researched materials for making homemade masks and hand sanitizer as supplies dwindled and they were left to fend for themselves. Conversations usually confined to health departments, hospitals, and research centers - ones about transmission of airborne diseases, contact tracing, and the efficacy of mRNA technology - became the bread and butter of daily news. The average American sacrificed greatly to protect themselves, their loved ones and their neighbors, often maintaining strict and painful separation in order to do so. The pandemic has occupied the minds of Americans not because of the successes of public health, but because of the ways it failed us in our time of need.

"The pandemic occupied the minds of Americans not because of the successes of public health, but because of the ways it has failed us in our time of need."

Unfortunately, the country's failure to meet the challenge of the global pandemic was predictable. At all levels of government, health departments and public health agencies lack sufficient funding to address the nation's most pressing public health concerns. In a report published by the Institute of Medicine in 2012, the committee found evidence that public health funding has bounced around from decade to decade, subjected to fluctuations dependent on the major health threats of the moment, political priorities, and the state of the economy.[12] The report also found that Congress and state policymakers have failed to make a long-term commitment to sustain funding throughout time.[13] We cannot say we were not warned.

The numbers are stark. Since fiscal year 2010, total real discretionary funding - the area of the federal budget that funds education, research, public health, and other crucial services - has fallen by 17%.[14] Funding for the Public Health Emergency Preparedness program, the primary source of funding to build capacity for and respond to public health emergencies at all levels of government, has been cut by more than 30% since 2007,[15] decreasing from nearly $900 million to about $630 million in 2019.[16] In addition, the United States spends an estimated $3.6 trillion annually on health, but less than 3 percent of that is directed towards public health and prevention.[17] Overall, it has been estimated that there is about a $4.5 billion gap in the amount of annual funding needed to adequately implement the most effective and impactful public health activities.[18]

There has been one major attempt to secure mandatory sustainable funding for public health in the last twenty years. In 2010, the Prevention and Public Health Fund was established as part of the ACA as the nation's first mandatory source of federal funding for public health. The fund was initially authorized at $18.75 billion between FY2010 and FY2022, and then $2 billion

annually.[19] However, it quickly became a piggy bank for members of both political parties, a source to "supplant rather than supplement a variety of programs administered by the Centers for Disease Control and Prevention (CDC) and other agencies of the Department of Health and Human Services (DHHS)."[20] If the fund had been maintained as intended, the US would likely be in a very different place today. While it was not dedicated to pandemic preparedness, having a more robust public health infrastructure and workforce as a whole would have enabled a much better response to the events to come.

With its focus on prevention rather than treatment and cure, public health is different from, but complementary to, clinical medicine. Invisible when it is working best, public health is easily undervalued by both policymakers and the public. Yet the COVID-19 pandemic exposed the dire collateral consequences of neglecting public health, causing a cascade of crises in unemployment, home evictions and foreclosures, food insecurity, and disruptions in education. Those from vulnerable communities have unsurprisingly been hit hardest. The experience dramatically illustrates that a robust, responsive, and resilient public health infrastructure is essential to protect us from the calamities of epidemics, natural disasters, and climate change in the 21st century. It would also uplift the health of all Americans by mitigating health disparities that have long plagued us as a nation.

"A robust, responsive, and resilient public health infrastructure is essential to protect us from the calamities of epidemics, natural disasters, and climate change in the 21st century."

This report outlines a proposal for a bold reinvestment in American public health, including both mandatory and discretionary funding. We also offer recommendations for the innovative delivery of public health funding to equitably and efficiently streamline reinvestment. To craft our proposal, we consulted with over two dozen of the nation's preeminent public health authorities who are experts in leading state and local health departments, building and leveraging coalitions to affect political and social change, managing grants and other funding, and applying public health theory and models to deliver public health activities most effectively (see Appendix for Methods). Without exception, everyone interviewed indicated that a failure to invest in core public health infrastructure and programs, at this crucial point in time, will leave us ill-equipped to address the challenges that lie ahead.

The primary objectives for this report are to prevent business as usual, foster critical dialogue, and reach those who can make a difference. Our political leaders have yet to offer a bold plan to address long-term needs beyond the COVID-19 pandemic. This report offers a blueprint, a set of options for decision-makers to consider. One thing is certain: there is no time to lose.

V. Mandatory Funding

OVERVIEW

The centerpiece of sustainable public health funding should be new mandatory funding, made available to states and localities, that is insulated from bureaucratic attempts to shift funding away from public health. Among our interviewees, there was broad consensus that mandatory funding was the gold standard for supporting programs critical to the health, safety, and well-being of Americans. One expert in federal budgeting described the tradeoff in stark terms, arguing that one dollar of mandatory spending was as valuable as ten dollars in the discretionary budget. The stability and reliability that mandatory funding offers is critical for progress and growth in the field of public health.

Although not everything can, or should, be addressed through mandatory spending, there are concrete benefits to funding ongoing and foreseeable needs through mandatory mechanisms. First, mandatory funding does not need to be reappropriated each year during the ordinary appropriations process, which helps to remove one avenue in which public health funding has been cut repeatedly in the past. Second, both immunity to annual cuts and the symbolic effect of locating funding in the mandatory budget can create a powerful signal of predictability and stability to public health authorities at the state and local levels, helping them feel comfortable making multi-year investments in workforce and capacity building. Finally, stable funding may give both public health authorities and individual practitioners the freedom to engage in experimentation and innovation without feeling that every marginal dollar is at risk. This freedom may help refocus programs away from those with short-term, immediate returns on investment (ROI) toward those likely to provide essential medium- and long-term benefits.

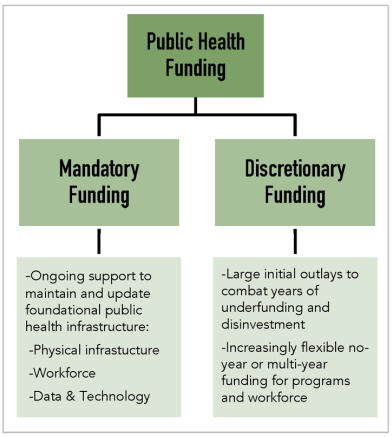


Figure 1: Overview of Public Health Funding Proposal

At the outset, we want to be clear: this will not be easy. Many of our interviewees emphasized that a sufficient level of mandatory funding for public health is the holy grail that they and others have pursued for years. That said, as we discussed in previous sections, this is a unique moment for a number of reasons: the weaknesses exposed by pandemic, the public's appreciation for the role of government programs, and the increased awareness of the relationships between public health and societal wellbeing are only a few. Accordingly, this report aims high with an awareness that our proposals are bold in both scope and structure, but with the hope that the time is ripe for such bold action.

WHAT SHOULD BE INCLUDED

As the COVID-19 pandemic has dramatically illustrated, decades of underfunding public health have resulted in outdated data systems and collection methods, deteriorating physical infrastructure of health departments, and an inability for health departments to innovate and develop new methods for improving health. Although large, short-term investments are initially required to "catch-up" public health systems and bring them into the 21st century, once these initial outlays are made, ongoing funding is going to be required to ensure our basic public health systems' capabilities do not slip backwards and are ready for future crises to come. This funding must be predictable and stable. This is particularly important in workforce development, with regard to attracting and retaining talent in state and local health departments. We also propose that new mandatory funding be dedicated to updating and maintaining public health infrastructure around the country, from the physical plant—the health department buildings themselves—to the data systems and other core components necessary for a 21st century organization and workplace.

Additionally, mandatory funding should be used to provide targeted, yet flexible grants to states to ensure a base-level of public health services, such as disease surveillance, data gathering and reporting, sanitation, and immunization capacity on an ongoing basis. Such money should be provided directly to both states and localities. It should be classified as mandatory spending to avoid cuts in the appropriations process, which will become increasingly likely as vivid memories of COVID-19 fade.

Finally, existing mandatory spending in areas other than public health - namely transportation, housing, and food security - should be leveraged to address core aspects of the social determinants of health (SDOH). Although public health authorities should advocate strongly for this kind of holistic approach and will be able to do so more effectively once they are adequately funded themselves, SDOH-focused initiatives should be independent of the primary push for new public health funding. There are two main reasons for this approach. First, core public health efforts are already difficult to effectively advocate for and merging them with the much broader domain of SDOH would expand efforts in a counterproductive way. Second,

shifting and redirecting funding in a way that threatens the authority of existing managers in the federal bureaucracy is likely to generate infighting and institutional resistance, even when the goals of different players are aligned. Accordingly, we recommend that those with existing, subject-area expertise outside of core public health domains remain in control of and responsible for their programs.

OVERCOMING RESISTANCE

Despite the clear benefits of securing a substantial amount of mandatory funding, there are a number of hurdles that such a program will need to overcome. The most obvious is political opposition. New mandatory funding is a big political ask, and there are powerful factions that are likely to resist any expansion of the federal budget; for example, deficit hawks in Congress, governors in conservative states, and influential think tanks. In addition, efforts to insulate new mandatory funding to prevent it from being shifted to other priorities within the overall mandatory budget might generate resistance from groups who want access to the new funding in the future. Despite this, there are also powerful advocates on the other side – Senators Gillibrand and Murray have both advanced proposals for billions of dollars in new funding for public health, and the breadth of the most recent COVID-19 relief legislation illustrates that the current administration appreciates the importance of strengthening public health capacity. While Senators Gillibrand and Murray's proposals currently call for discretionary funding, they are clear demonstrations of the general political support for increased public health funding at this moment. Although no design will fully avoid political confrontation, there are choices that may increase the chances of success.

1. New funding should be accompanied by a coordinated public relations and lobbying push that emphasizes the efficiency and value of public health investment. Numerous interviewees emphasized the fundamental paradox of public health – when public health institutions do their jobs well, they are invisible. The result is that there are not strong constituencies advocating for broad expansions in public health funding the way there are for direct medical care. Although special interest groups in the area of public health do exist, there is little consensus among them and many focus on disease-specific causes. However, our interviewees also noted that the devastation wrought by COVID-19 offers a unique opportunity to make the case for public health in easily articulated terms. Gaps in core functions like vaccination administration, data gathering and analysis, contact tracing, education, and outreach have all exacerbated the devastation a pandemic can wreak. Ensuring that advocates of any new funding tie their proposals to concrete examples related to COVID-19 will help ground their arguments and maintain momentum into the future. The COVID-19 crisis illustrates the damaging effects of underfunding traditional public health functions like disease monitoring and tracking,

but also presents an opportunity to make a strong, public health case for expanding funding targeted to SDOH. Multiple interviewees stressed that advocates should advance a "health in all policies" framework that describes the way that community health is both influenced by *and itself influences* social and economic conditions. As an example, access to affordable and stable housing not only influences health outcomes, but that failure to address health needs also makes it more difficult and costly to implement effective housing programs. It is important to note that we are not advocating that new public health funding be used to fund housing, food, or other social services – doing so would explode the bottom line of any new program and would likely trigger bureaucratic disputes with institutions whose mandates currently include aspects of SDOH. What we are proposing is that advocates form strategic partnerships with institutions addressing SDOH outside the formal, public health model, including collaborations between agencies such as CDC, NIH, HRSA, DOT, HUD and USDA. This would help make a broader case for public health funding, including increased funding of partner institutions.

Another aspect of the COVID-19 pandemic that can be leveraged in support of these proposals is that large numbers of players in the public health ecosystem have, for the first time, received sizable amounts of federal funding. As one of our interviewees noted, institutions, like people, are loss averse – it is far easier to mobilize a coalition to fight the withdrawal of funding than it is to get people up in arms about the prospect of new funding. An important task for advocates is to track down the recipients of COVID-19 relief funding and enlist them in the broader coalition described above.

2. The mantra that spending on prevention now saves multiples on treatment later is one that can both ground advocacy efforts and be baked into funding mechanisms. For example, some interviewees proposed incorporating formal cost-benefit analyses or ROI requirements into mandatory funding legislation. To receive funding, specific proposals would have to demonstrate that they would produce net spending returns (or at least have a net neutral spending profile). For example, various forms of spending on prevention likely reduce the government's net outlays on treatment. This kind of formal mechanism can help guide downstream practitioners to cost-effective strategies and reassure deficit hawks that proposals would not expand into limitless budgetary sinkholes. Such an approach might be especially useful for new mandatory funding that is housed within Medicare and Medicaid. Framing such additions as net neutral in terms of bottom lines would be a highly effective way to pitch them to skeptics. Several interviewees also noted that this kind of ROI requirement could offer support for addressing SDOH more holistically. While programs related to SDOH such as housing or food security would not have to be funded directly with public health dollars, proving that taking an inter-agency approach to addressing needs would ultimately save money on clinical care down the road would be a powerful tool for advocates across multiple sectors.

3. To the extent possible, new mandatory funding should be based on or incorporated into existing statutory frameworks. For example, numerous interviewees pointed to the Prevention and Public Health Fund (PPHF) in the Affordable Care Act (ACA) as a strong model for mandatory public health funding. However, the program was plagued by a core design flaw: there was no built-in mechanism to prevent funding from being shifted away from the PPHF to other, seemingly higher-priority uses within the overall mandatory budget. One notable example was that funding was taken from the PPHF to help cover shortfalls in Medicare funding. Accordingly, a new PPHF (or renewed funding of the original PPHF) is a logical starting point for the new mandatory funding we propose. To be successful, however, new legislation will have to include strong protections to prevent the funds from being redirected away from authorized public health uses. This might be accomplished by measures like statutory language segregating new funding from the rest of the federal mandatory budget, requiring that requests to shift funding go through the formal legislative process, and/or requiring evaluation and approval from a fund administrator tasked with ensuring that funding for public health goals is not unduly threatened. It is also worth remembering that the PPHF, though somewhat depleted, still holds a significant amount of funding that is currently being used by the CDC. Although the PPHF was not ideal in its initial construction, we believe it is not yet worth giving up on.

Other existing statutory frameworks that could be leveraged for some forms of public health funding are Medicare and Medicaid. As mentioned above, several interviewees noted that this would be an ideal place to incorporate a formal ROI requirement for public health programs. This would be designed to avoid a scenario in which opponents of Medicare/ Medicaid allege that new funding is excessive and use it as an excuse to impose caps on overall mandatory spending. One major advantage of including new public health spending within Medicare/Medicaid is the ability to make quick, regulatory modifications - even through executive agency rulemaking in some cases - thereby avoiding the full legislative process.

Using Medicare and Medicaid in this way will require not only federal rule modifications, but also support to states and localities to enable them to take advantage of newly available funding. For example, the need to submit State Plan Amendments (and the lack of legal capacity for preparing successful ones) has stymied efforts to take advantage of Medicaid rule changes in the past. As a result, modifications to Medicare and Medicaid will require the federal government to provide funding and legal resources to downstream public health authorities to help them overcome these bureaucratic barriers.

While Medicaid and Medicare can be leveraged for some public health activities, these programs cannot, and should not, be the primary source of secure public health funding. Interviewees noted that an overreliance on Medicare and Medicaid could expand their budgets to the point where it may be more likely they become a greater target for budget cutting across the board. A Medicaid/Medicare-focused approach may also drive some public health efforts to

become unnecessarily medicalized when they have social or economic solutions or could be addressed without recourse to the medical system.

4. Principles taken from defense funding might be redeployed in the public health context. Although we would not advocate funding all public health programs through the defense budget, several of our interviewees noted that, especially in areas related to health security, defense appropriations could be used for emergency preparedness and crisis response programs, bolstering stockpiles of essential medicines and equipment, building out disease surveillance and data gathering infrastructure, hiring contact tracers, and setting up vaccine distribution plans. Such health security-related functions could be exempted from budget caps, and statutory or report language could promote flexibility in uses, with public health experts able to determine needs on an ongoing basis. One proposal that currently seeks to set up something along these lines is Resolve to Save Lives' Health Defense Operations (HDO) budget designation.[21] Although a program like this would address only a subset of the goals outlined in this report, it could be an important piece of the puzzle.

POTENTIAL PITFALLS

Though we believe the proposals outlined are strong on their merits, there are a number of potential challenges and concerns that must be accounted for.

First, any new funding should include dedicated mechanisms and guidelines for tracking equity outcomes. This is already supported by the Biden Administration. The Administration has reportedly advocated for increasing CDC funding for equity promotion from a meager 3 million to over 150 million and has hired racial equity experts to its COVID-19 task force.[22] This action by the Biden Administration underscores the importance of acting quickly to take advantage of the current moment. One problem with current CDC funding that numerous interviewees described is that the agency has no way to track exactly how state and local health departments actually use federal money. Building out a reporting system and a workforce to analyze this data will be crucial for adapting grant programs to promote equity. In addition, having a robust tracking system will also help promote efficiency goals, which should help build coalitions with those concerned with good governance and responsible spending.

Second, steps should be taken to ensure mandatory spending for public health is not internally fungible, meaning it is not possible for Congress and the President to shift around and reallocate funding within overall mandatory funding in order to compensate for shortfalls in other priority programs. This problem was noted above with respect to the PPHF but is much broader and affects all mandatory programs. Any new public health funding should be formally insulated in statutory language to prevent more powerful interest coalitions from draining funding down

the road. With that being said, including such language in legislation is not without risks. In the past, statutory defenses against repeal and modification have been used to insulate unpopular or pro-corporate legislation from repeal. As a result, some of our interviewees highlighted the chance that insulating public health funding would open Pandora's Box and create damaging precedents. Statutory language should be clearly and explicitly limited to the public health context, should only prohibit shifting allocations within the mandatory budget, and should not include restrictions on modifying the legislation itself (e.g., requiring a supermajority for repeal). In addition, the language might also be limited to preventing shifts in funding through executive action, rather than imposing restrictions on Congress.

Third, once funding is secured, mechanisms must be put in place to assist local public health officials that might have difficulty handling large, undirected sums of money. For example, some municipal health departments have one or two employees and no large budget management infrastructure, and therefore may not be capable of managing direct funds from the federal government. As a result, targeted grants might be more helpful and manageable for these localities. There are a number of solutions to this problem that were highlighted by our interviewees. One is to simply reserve a subset of new funding for small localities and ensure that some of the funds are dedicated to administrative support. Another solution could be tasking federal or state employees with helping manage the distribution of money to understaffed or unaccredited local health departments.

Additionally, although some degree of targeting is important, the vast majority of money made available to local health departments should be more flexible than it is today. Imposing strict requirements on how funds can be used and accompanying those requirements with harsh penalties for misuse might discourage states and localities from taking advantage of new funding streams. Some of our interviewees noted that even if local health departments do accept the funding, overly complex federal conditions (which are made more restrictive by states afraid of federal backlash) discourages innovation and experimentation at the local level, leading to worse outcomes and lower efficiency. Many local health departments are capable of handling the technical demands of deploying funds on their own or with assistance from the state and should be increasingly included in decision-making regarding what is most needed by their constituents.

Finally, advocates should be careful to design funding architectures in ways that do not create zero-sum conflicts within the federal bureaucracy. Although some of our interviewees noted that there are sources of funding for clinical care that might be repurposed for public health and prevention, they did not recommend attempting to divert these funding streams. The primary reason is that there would be strong institutional opposition from current recipients. One example of this was a proposal to tap into Graduate Medical Education funding to pay for training and educating public health workers. This would be strongly opposed by doctors and clinicians (along with their lobbies) and would be a high-risk option with an unjustifiably low payoff. Therefore,

separate funding streams must be established which are dedicated to activities such as education and training for the public health workforce.

CONCLUSION

In sum, we recommend pursuing new mandatory funding for public health to support core public health efforts on an ongoing basis. Although some short-term needs - particularly large, one-off infrastructure investments - can be met through discretionary appropriations, funding for basic public health services and the people necessary to execute these efforts needs to be both predictable and stable, which counsel classifying it as mandatory spending. Although there are large political barriers to securing such funding, leveraging the current political climate, previously successful programs, and novel design choices can help us chart a path to success.

VI. Discretionary Funding

OVERVIEW

Although the centerpiece of our proposal is a call for new mandatory funding, discretionary spending should still play an important role. In particular, the nature of the current challenges we face in public health - the result of decades of chronic underfunding - will require large, short-term outlays in addition to new sources of mandatory, ongoing support. This kind of one-off spending is easily accomplished at a lower political cost through discretionary mechanisms and would be particularly useful for projects like updating physical infrastructure, modernizing data management systems, rebuilding stockpiles of essential supplies post-COVID-19, and making investments in accrediting local health departments. The funds allocated to public health by the American Rescue Plan (ARP) will enable the US to make progress with these types of projects. However, the ARP alone is likely not enough to address the decades of neglect that were further undermined by the COVID-19 pandemic. Therefore, future evaluations of the state of public health infrastructure must determine if additional large, discretionary outlays are needed. After these funds bring public health to an acceptable baseline, mandatory funding can be used to sustain and build on this progress.

In general, reliance on discretionary spending should be limited because it requires renewal as part of the formal appropriations process, making it vulnerable to changes in political and economic trends. Accordingly, the appropriations process does not support the kind of long-term commitments that are necessary to support the public health workforce or provide the ongoing maintenance necessary to keep infrastructure up to date in the future.

Luckily, the new administration has advanced a FY 2022 discretionary spending proposal that provides an important, though admittedly modest, baseline investment in essential projects. The proposal includes $8.7 billion for CDC, an increase of $1.6 billion over the 2021 enacted level, in addition to substantial funds dedicated to addressing the opioid crisis, HIV/AIDS, mental health, health equity, racial disparities, and gun violence.[23] However, the bulk of the spending is earmarked for use by federal government entities (such as the CDC, FDA, and NIH) rather than state and local health departments. Additionally, since this proposal is for discretionary spending, it must be re-evaluated at the end of FY 2022 and is vulnerable to yearly changes in priorities and politics. This section outlines our findings regarding how discretionary proposals can be implemented to achieve essential goals in tandem with an expanded commitment to public health mandatory spending.

WHOLE OF GOVERNMENT APPROACH

A common theme across our interviews was that budgetary strategies should not be limited to one level of government – well-resourced public health efforts are essential all the way from the federal government down to the community level. Not only should sufficient funding be made available at each level, but funding architecture should also be designed to increase inter-entity coordination in order to improve public health reach, impact, and efficiency. While the scope of expertise and responsibility differs at the federal, state, and local levels, this does not mean that public health entities at each level should not have access to or control over funds. As a general matter, our interviewees stressed the importance of federal and state support in the form of funding, guidance, and infrastructure management, but noted that local entities were often best positioned to manage programs at the point of delivery and to tailor services to the specific needs of their communities.

In practical terms, this means delivering on some of the Biden Administration's core FY 2022 proposals, but also expanding them in terms of scope and jurisdictions served. Although the Biden Administration's request is a start, the $8.7 billion allocated to CDC still falls short of the $9.5 billion that is estimated to be needed to fully implement the foundational public health activities nationwide.[24] In addition, the $8.7 billion allocated in the FY2022 budget does not take into account the decades of underinvestment compounded by the damage of the COVID-19 pandemic. If the US wants to use the discretionary budget to play catch up, it will require a larger and more ambitious budget than what the Biden Administration is currently envisioning.

The Biden Administration's plan does include funding earmarked for public health infrastructure, but it is not enough to cover all federal, state, and local needs. Similarly, the current Administration's plan includes substantial funding for cybersecurity and data management, but is targeted primarily at federal entities.[25] In order to achieve broader goals, the amount of funding for these purposes should be expanded. Expanded legislation should also not simply leave distribution up to the CDC but should provide guidance for getting funds directly to entities outside the federal bureaucracy. As noted in the previous section, our interviewees explained that localities have historically gotten the short end of the stick since funds from the CDC must almost always first be directed through federal and state agencies before localities are able to access them. Due to this, localities often receive far too little support to advocate for themselves directly in budgeting processes. This has manifested in dramatic infrastructure shortfalls – our interviewees recounted anecdotes of crumbling health departments buildings all around the country, and of lacking access to laptops or Wi-Fi which prevented them from doing essential fieldwork. Fixing these gaps should happen with the next discretionary budget.

FOCUS ON SUSTAINABILITY AND PREDICTABILITY

The core problem with discretionary funding is that it is generally only available for one year and is subject to uncertain renewal. These features make it a poor funding source for investments that require predictability to be successful – most notably with respect to building out America's public health workforce and infrastructure. Where discretionary funds are used to accomplish short-term goals, a number of our interviewees emphasized that there are design choices that can enhance sustainability and predictability, enabling downstream recipients of funds to use them as efficiently as possible. One such choice is to designate funds as no-year, meaning that once appropriated, the funds are available until exhausted, rather than having to be used within a given time period. Another alternative would be to designate appropriations as available for a fixed period of time, such as three or five years. Making funds available over longer periods of time would reduce pressure on funding recipients to deploy funds as quickly as possible and allow recipients to maximize the return on their investments. This type of designation could be applied to all forms of infrastructure and programmatic investments but would be absolutely essential for discretionary funds supporting the public health workforce. Our interviewees emphasized that the absolute minimum number of years for which new employment positions must be funded is three, but that five-year funding commitments would be ideal.

ALTERNATIVE STRATEGIES

Several interviewees who are experts in federal budget analysis offered discretionary funding strategies that could strengthen public health capacity at the federal, state, and local levels in a fiscally and economically responsible way. One potential strategy would be to use zero-based budgeting, as opposed to no-year funding, when allocating some discretionary funds (zero-based budgeting differs from no-year funding in that expenses must be re-justified for each new period, whereas no-year funding can be used until exhausted once allocated and requires no future justification). Zero-based budgeting could be especially suited for two- to three-year commitments for hiring new workforce and building institutional expertise.

INCENTIVIZE COLLABORATION AND INNOVATION

As is the case with mandatory funding, grants to states and localities should allow for flexibility while incorporating federal scientific expertise, guidance on best-practices, and metrics for accountability. At a minimum, this means ensuring that funding is not provided with harsh penalties for rule violations, such as requiring localities to pay back large federal grants in full. These kinds of rules discourage innovation, experimentation, and participation in grant programs.

Instead, our interviewees, particularly those with experience in state and local government, noted that federal entities are most helpful when they adopt a collaborative rather than an authoritative role.

Allowing for flexibility, however, does not mean eliminating baseline standards for grant recipients to meet. Funding architecture should be designed to encourage accountability at the state and local level. This is discussed more broadly in the next section on reforms to the delivery of funding, but one method suggested by interviewees was having recipients of federal funds demonstrate some level of independent financial commitment to public health goals, when possible. Interviewees referred to this as a "skin-in-the game" approach. One possible way to accomplish this is to use matching programs, such that states and localities are required to put up their own funds alongside federal support, thereby producing independent incentives for good management, as well as community accountability. Of course, such a requirement should not be inflexible or onerous – non-partisan public health experts, such as those at the CDC, should retain discretion to waive any match requirements for jurisdictions that would be unduly burdened by them.

CONCLUSION

More recent funding proposals, such as Senator Gillibrand's "Force to Fight COVID-19 Proposal" and Senator Murray's "Public Health Infrastructure Saves Lives Act" along with feedback from those interviewed for this report, indicate there may be increasing political commitment to fix our eroding public health system. Ideally, most ongoing funding necessary to maintain the nation's public health infrastructure and workforce should be supported through new mandatory funding. However, simply providing a level of investment necessary for maintenance and occasional updating will not be sufficient given the current shortfalls caused by decades of underinvestment. To enable this kind of catch-up investment, we recommend building on and expanding the approach of the American Rescue Plan but providing significantly more money to meet a wider range of needs, particularly where mandatory funding would be infeasible. As noted in previous sections, the weaknesses in our public health system revealed by the pandemic provide compelling arguments for taking the current political moment to shepherd such a funding program through Congress.

VII. Reforms to the Delivery of Public Health Funding

OVERVIEW:

The previous two sections outlined our proposal for achieving sustainable public health funding in the US through a new mandatory funding stream and specifically designed supplemental discretionary funds. Securing more permanent funding streams for public health is essential for enabling health departments to effectively carry out their core functions. However, if reforms are not made to the delivery system through which funding moves from the federal level to state and local health departments, the US will continue to face tremendous barriers to using funds effectively and in ways that best meet the unique needs of various communities.

The following recommendations outline reforms to be made to the delivery of public health funding. They aim to allow for more flexibility, accountability, innovation, and equity, while avoiding unnecessary bureaucratic hurdles for under-resourced jurisdictions. Ultimately, these recommendations aim to achieve a more equitable distribution of resources among all localities in the US. We therefore recommend, at the minimum, that the following reforms be made in tandem with the provision of new funding.

FLEXIBILITY:

Much of the funding currently allocated from the federal level to states and localities is done so in the form of categorical funding grants.[26] Funds allocated in this way are typically only applicable to specific purposes. Often, this restrictive, narrowly tailored funding does not allow much latitude for health departments as they try to meet the needs of their communities. Many interviewees working in local and state health departments brought up challenges related to this inflexible method of funding, such as needing to hire staff using disease specific grant funding and therefore not being able to use those staff members' expertise across a number of areas, not having sufficient funds available for non-programmatic costs such as administrative costs, and not being able to reallocate funds for different purposes should the priorities and needs of the community change within a grant's funding period. One interviewee described encountering this last challenge during the COVID-19 pandemic, discussing how their health department received substantial funding for COVID-19 testing, but once the country began to focus on vaccination, the funding was not able to be reallocated to their vaccine program due to vaccination activities not being included in the initial agreement. This, in turn, resulted in much of the funding dedicated to the testing program going to waste.

RECOMMENDATIONS:

***Increase local control of funding*:**

The majority of public health funding should continue to come from the federal government, but this support must allow for more local control of funding guided by stakeholders within communities to increase the balancing of spending power. State and federal governments, which historically control both how much funding localities receive and how the funding must be spent, should reduce the requirements they place on how the funding can be used. Enabling localities to acquire more control over how money is spent allows for broader flexibility and can better enable programs to be adapted to meet the needs of local communities. For example, one interviewee working in a rural community described how the categorical funding they receive rarely permits them to address issues such as lack of transportation. Due to this, many of the programs and interventions deployed in the region often fall short due to community members not being able to access them in the first place.

For the first time in March 2021, CDC released a funding opportunity, titled, "National Initiative to Address COVID-19 Health Disparities Among Populations at High-Risk and Underserved, Including Racial and Ethnic Minority Populations and Rural Communities" in which localities who serve a county population of 2,000,000 or more; or serve a city population of 400,000 or more were eligible to apply directly for support.[27] Prior to this funding opportunity, CDC has only provided direct funds to states, territories and five large cities. While using population size as the only criteria for determining which localities can apply for funding may create challenges, as discussed more in the next section on accountability, this funding opportunity is an exciting example of what more flexibility and local control can look like.

Reduce consequences associated with alternative use of funds:

As discussed previously, there are often strict requirements on how funds can be used and harsh penalties for misuse. Reducing requirements on spending will, in turn, also reduce the penalties and consequences states and localities fear for accidentally misusing funds for non-grant specified activities. While it is extremely important to hold states and localities accountable for their use of federal funds, and flagrant misuse should not be tolerated, many interviewees described how states currently tend to interpret federal guidelines in the most restrictive, least-flexible way due to the severe consequences of accidental misinterpretation. Interpreting guidelines in this rigid way makes it difficult for states and localities to use funds in ways that best meet their community's unique needs, thus further limiting the effectiveness of programs and diminishing their impact. One method of accomplishing this, while still holding health departments accountable for use of funds, could be to create a stream-lined process for states and localities to communicate with funders to clarify requirements and get non-grant specified activities approved.

ACCOUNTABILITY:

The current mechanisms for public health funding primarily hold states accountable for their use of funds by creating rigid guidelines in grant contracts which outline how funds are allowed to be used. States and localities must define the metrics they will use to prove funds are being used for the intended purpose prior to receiving funding. As stated previously, most of these grant contracts pass funds to states in the form of categorical funding, which typically only enable funds to be used for specific purposes within disease or program categories.[28] Once allocated by the federal government, awards are only tracked on the state level. Tracking spending across federal, state and local levels is extremely challenging and complex,[29] making it difficult to ensure funds are allocated to localities equitably or based on need. However, these difficulties notwithstanding, local accountability is vital and needs to be addressed in funding models in the future.

RECOMMENDATIONS:

Develop a new set of metrics outside of grant agreements to continue holding states and localities accountable:

If public health funding streams are made more flexible, a new set of metrics must be developed to continue holding states and localities accountable for their use of federal funds and must have statutory oversight to ensure they are enforced. Rather than defining metrics within rigidly defined, disease-specific funding agreements, metrics can be defined more broadly, focusing on population health outcomes. One interviewee recommended that rather than setting a ceiling for metrics that must be achieved, states and localities could instead be required to set a floor for core population health outcomes to make sure all communities are achieving a baseline level of health. Population health outcome measures can be based on factors such as maternal mortality, life expectancy, and average distance to emergency medical services.

Specify appropriations to be passed from states to localities using a newly developed formula:

The federal government should begin to specify appropriations to be passed through the state to lower-level jurisdictions. There are already programs run by the federal government, such as HIV/AIDS programs through the Ryan White Care Act, which direct funds to local jurisdictions as part of the authorizing legislation for this effort.[30] New formulas for determining funding allocation levels should be developed which move beyond only using indicators such as population size or density. Instead, new tools, such as the social vulnerability index (SVI),[31] or new formulas which take into account factors such as poverty, homelessness, food insecurity, and transportation access, could be used to supplement traditional health metrics.

Mandatory funding should therefore be available to localities to maintain these baseline levels of health, evaluated through disease incidence, mortality, and SDOH indicators. Monitoring these metrics should be the responsibility of the federal government, which will need new resources and staffing. A permanent version of the Biden Administration's COVID-19 Health Equity Task Force, fixed within the CDC or other federal agency, is one form this could take.

Develop additional methods aside from accreditation to determine which localities have capacity to use funds effectively:

Since 2011, the accreditation process has been used as a way to ensure health departments meet a minimum set of standards and have the capacity to carry out the ten Essential Public Health Services, as well as operate efficiently and maintain strong and effective communications with the governing entity.[32] While the process has been helpful in setting standards and enabling many health departments to improve their community's outcomes, the process of becoming accredited is costly and burdensome and may not be feasible for health departments with limited funding and staff. Many experts interviewed brought up that when funding opportunities are contingent upon accreditation, it can serve to further exacerbate disparities between the health departments which have more funding and capacity and those that do not. Due to this, the CDC should develop additional methods, outside of accreditation, to determine which health departments have the ability to carry out public health activities effectively. For example, in Senator Murray's 2020 "Public Health Infrastructure Saves Lives Act" she proposes allowing for accreditation waivers, which would waive the accreditation requirement for entities where it would be "a significant hardship to comply with such a requirement", but who can still carry out the activities outlined in a funding opportunity.[33] Adopting a method such as this would promote accountability of health departments, but without broadening gaps in funding. Another method could be enabling unaccredited localities to partner with larger entities with demonstrated evidence of fiscal accountability. This would allow more local health organizations to receive training, technical assistance, and other resources necessary to reduce health disparities.

INNOVATION:

The underfunding of public health over the past two decades has led to a lack of innovation in the field. This dynamic can be seen in all areas of public health, spanning from outdated data and technology systems to difficulty coordinating across siloed sectors to address SDOH. Many interviewees described feeling like they were always operating from a place of scarcity and rarely had funds to do anything beyond the bare necessities. When health departments have been given funds for the purpose of innovation, many interviewees discussed it being difficult to justify actually using them in that way when basic needs, such as for computers and staff, are unmet.

For innovation and growth to become commonplace in public health, health departments must first feel secure that their baseline needs are, and will continue to be, met.

RECOMMENDATIONS:

Focus on developing an enhanced data gathering, monitoring and analysis infrastructure in tandem with a workforce who maintain the skills to sustain it:

In order to attain a baseline level of health in all communities, infrastructure must be created to elevate current systems of data gathering, monitoring, and analysis along with a workforce to maintain it. Various interviewees, particularly those situated within local and city health departments, indicated comparatively high investment in projects and programs compared with that for infrastructure for data gathering, storage and analysis. Without allocated funding directly set aside for this kind of infrastructure, including personnel and updated data monitoring systems, many health departments do not have the necessary capacity to effectively utilize the funding received for dedicated projects which requires these capabilities. During the past year, basic data on COVID-19, from number of people tested to number of people who died, was often uncertain, hampering efforts to combat the epidemic.[34] With the creation of a robust data infrastructure and with streamlined and more efficient data systems, departments will not only have more complete and accurate data, but also more time for other tasks. Strong data structures will also be necessary to maintain effective oversight and accountability of selected programs aimed at preventing and mitigating disease, as has been seen through the COVID-19 pandemic this past year.

Collaborate across sectors to address the social determinants of health:

Despite the interconnectedness of lived experiences and health, departments responsible for things such as housing, transportation, and education have been treated as separate and distinct from public health. The US health disadvantage, a reference to the decades of neglected SDOH that have adversely impacted life expectancy, is a public health crisis that few policies have acknowledged, but has resulted in significant disease burden, disability, and early death.[35] As new models for public health funding are developed, the SDOH must be addressed through the coordination of organizations and departments with technical expertise that fall outside the domains of traditionally understood public health capabilities. Framing health issues through the lens of the SDOH can have clear benefits and a Health in All Policies (HiAP) approach offers a way to integrate the broad range of people's needs into programs across agencies.[36] For example, acknowledging that people can better manage chronic and infectious diseases when they have secure housing and reliable transportation can enable interventions to more holistically target all of these factors.

One cautionary note, interviewees warned of the danger of framing all issues in the context of health, as it could easily divert attention from core public health activities. This means emphasizing SDOH and traditional public health efforts is clearly a balancing act. We have to do both at the same time, but not pit them against each other.

One example of the role public health authorities could play in addressing SDOH could be with the monitoring and identification of severe housing instability in communities. After identifying problems, public health authorities could work with partners in local state or federal housing agencies to craft a response to these challenges. In this example, the public health authorities would be responsible for framing needs and establishing metrics, but the housing authorities would remain accountable for funding and implementing a program to address the issue. An approach like this would enable public health departments to play an integral role in addressing SDOH while not overinflating spending dedicated to the health sector.

EQUITY

As COVID-19 highlighted, underfunding public health has disproportionately impacted under-resourced and marginalized communities. Low-income people, residents of rural areas, and black, indigenous, and people of color (BIPOC) have worse outcomes across a range of health and mental health conditions compared to their white counterparts.[37] Racism and social injustice impact not only health, but all aspects of individuals' lives, including "where one lives, learns, works, worships and plays" by "creating inequities in access to a range of social and economic benefits—such as housing, education, wealth, and employment."[38] Though the pandemic has highlighted these issues, they are not new. For example, the Indian Health Service (IHS), which was established to directly fund and deliver care to American Indians and Alaska Natives, has been underfunded for decades despite the government's statutory obligation to provide funding to these groups. The IHS received only $5.9 billion in fiscal year 2020,[39] far less than the $48 billion that a coalition of American Indian and Alaska Native organizations requested in a recent proposal to Congress. As seen through this example, the IHS and other entities may have been established with the intent of providing increased support to BIPOC and other under-resourced communities. Without proper funding, however, they are nothing more than symbolic and will fail to meet the needs of the communities they serve.

The recommendations made in this section thus far, for increased flexibility, alternative forms of accountability, and innovation, all share the goal of promoting equity. The Biden Administration has also taken steps toward this goal by creating the COVID-19 Health Equity Task Force and the "Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government." However, while rhetorical commitments to equity are a step in the right direction, actually allocating and ensuring effective delivery of the funding will be what is necessary to ultimately fulfil these goals.

VIII. CONCLUSION

The deadliness of the COVID-19 pandemic has been worsened by the United States' crumbling public health infrastructure. A report by the National Center for Disaster Preparedness at the Earth Institute and Columbia University estimates that hundreds of thousands of deaths in 2020 were due to policy failures, delayed and insufficient responses, and the inability to efficiently track cases to manage the virus' spread.[40] Years of underfunding and de-prioritization of public health resulted in a system that was unable to respond to the increased demands of this national emergency. Separate from the pandemic, thousands of deaths each year result from our failing public health systems. The US ranks last in the Healthcare Access and Quality (HAQ) Index, a measure of preventable deaths, relative to peer countries including Australia, Germany, and the UK,[41] and life expectancy in the US is two years lower than the OECD average.[42] These results suggest that infectious disease, maternal and neonatal disorders, and noncommunicable diseases such as diabetes are a needlessly high burden in the US.[43]

"…hundreds of thousands of deaths in 2020 were due to policy failures, delayed and insufficient responses, and the inability to efficiently track cases to manage the virus' spread."

For over two decades, report after report and study after study have described the chronic underfunding of American public health. It is undisputed that increasing funding is absolutely critical for improving public health infrastructure and bringing American public health "up to code." Local and state health departments across the country are not receiving adequate funds to replenish their shrinking workforces or to develop and maintain systems to track and respond to illness and disease in a modern world. We cannot lose the opportunity presented by the COVID-19 pandemic - a tragedy that has thrust usually invisible matters into the limelight - to improve our public health infrastructure at every level of government in the US.

This report charts a path to these new investments. Though interviewees had a variety of opinions about the specific details of any plan, there was universal agreement that mandatory funding would be the best way to ensure sustainable support. Discretionary funding too should play a role, particularly in the short-term to address long-standing gaps. Our interviewees were also clear that the way funding allocated is critical. In particular, we must balance flexibility with accountability, and promote opportunities for innovation in the communities where we live and work. Funding is the lifeblood of public health and keeping it flowing is, as we have seen this past year, a matter of life and death.

"Funding is the lifeblood of public health and keeping it flowing is, as we have seen this past year, a matter of life and death."

IX. Appendix.

METHODS

In order to gain insight into the possibilities for securing a long-term, sustainable funding stream for public health, a literature review was first completed to establish a foundational framework for the current public health funding mechanisms in the United States. A semi-structured interview guide was then developed, allowing for flexibility in questions asked of individuals in a wide range of public health-related positions. Twenty-five interviews were conducted with public health experts, ranging from policymakers, academics, on-the-ground practitioners, and public health officials in local, state and federal governmental health agencies. Interviewees were initially recruited through team members' interpersonal and organizational networks and were subsequently recruited through a snowball sampling method. All interviews were conducted via video conferencing platforms.

LIMITATIONS

Interviewees were primarily recruited through team members' and interviewee's interpersonal and organizational networks. Due to this, the sample of interviewees tended to be in managerial, research-oriented or policy-making positions and may therefore not be representative of the experiences and opinions of all public health workers throughout the United States. They also likely do not represent all of the vast geographic differences in public health funding, governance, and needs. In addition, while efforts were made to incorporate the perspective of tribal authorities, individuals working in tribal health are underrepresented in the sample of interviewees. This report was researched and written under strict time constraints and therefore did not give us the ability to research all areas of public health funding and implementation as in depth as could have been done with more time. However, while the aforementioned factors are limitations of the study, we do not believe that they significantly alter the ability of this report to provide broad initial ideas for securing sustainable public health funding.

LIST OF INTERVIEWEES

- Adriane Casalotti
- Allison Arwady
- Caitlin Peruccio
- Catherine Coleman Flowers
- Clay Goddard
- Delight Satter
- Jacob Hacker
- Jamila Michener
- Jeffrey Duchin
- Jeffrey Levi
- Jennifer Kates
- John Auerbach
- José Montero
- Justin Mendoza
- Karen DeSalvo
- Marcelle Layton
- Mark Mioduski
- Mary Bassett
- Nancy Krieger
- Ruth Katz
- Steven Reynolds
- Timothy Westmoreland
- Tom Frieden
- William Cooke
- Zack Wortman

*As a note, this list does not suggest that interviewees endorse the contents of this report. Interviews were conducted for informational purposes and the contents of the report reflect the opinions of the authors.

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Community Health and Economic Prosperity

Engaging Businesses as Stewards and Stakeholders—A Report of the Surgeon General



U.S. Department of Health and Human Services

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Community Health and Economic Prosperity

Engaging Businesses as Stewards and Stakeholders—A Report of the Surgeon General

JANUARY 2021

This report identifies, for illustrative purposes, the names of businesses and organizations and highlights business practices and performance. Such identification does not (a) suggest that every aspect of the business, organization, practice, or performance is exemplary or (b) constitute endorsement by the U.S. Department of Health and Human Services. Further, any views expressed by such businesses or organizations do not necessarily represent the views or positions of the U.S. Department of Health and Human Services.

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Message From Alex M. Azar II

Secretary, U.S. Department of Health and Human Services

The past year was one of the most challenging that America has faced in modern times. The COVID-19 pandemic is one of the greatest public health threats ever to confront our country. It has devastated our economy and driven unemployment to record highs.

These challenges remind us that health and the economy are so often linked together. Congress passed historic levels of support to address the economic costs of the pandemic and to fund the public health response, but low-income Americans have not seen the full benefit of the economic recovery and continue to suffer more severe illness from COVID-19, in part because of preexisting health conditions they experience at rates that are higher than those among Americans who are better off.

Health disparities arise not just from unequal access to healthcare but also from unequal access to economic opportunity, meaningful work, stable families, livable housing, reliable transportation, quality education, and thriving communities.

Healthier people means a stronger economy, but a stronger economy also means healthier people. Those of us who care about both health and prosperity—in the public and private sectors—must recognize this connection and engage on both causes. That is the core insight of this historic publication, *Community Health and Economic Prosperity: Engaging Businesses as Stewards and Stakeholders—A Report of the Surgeon General.*

This effort emphasizes the inextricable and mutually reinforcing link between physical, mental, and community health and economic prosperity. It calls on private sector businesses, in particular, to engage with and invest in communities to improve health and foster prosperity.

Of the social determinants of health that our department focuses on, one of the greatest is simply access to economic opportunity. We know that economic opportunity—as well as the stable families, healthy environments, and strong communities it supports (what this report calls the "vital conditions")—is good for health. But too many Americans are born into and grow up in low-opportunity neighborhoods. This creates costs for businesses and for society, as so many Americans never achieve their potential in the workforce, are unable to reach independence, and see their health and the health of their loved ones suffer as a result.

By working together, with deep engagement from the private sector, we can build a healthier society that is rich with opportunity for everyone. This Surgeon General's report offers a way forward for the United States to recover from the COVID-19 pandemic and to build a healthier, more prosperous future for all Americans.

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Community Health and Economic Prosperity: Engaging Businesses as Stewards and Stakeholders—A Report of the Surgeon General was part of a broader initiative of the Office of the Surgeon General. The Community Health and Economic Prosperity (CHEP) Initiative included two components: (1) convenings of business, community, community development, and public health leaders from across the country who identified and shared examples of businesses that are engaging with communities to improve health and prosperity; and (2) communications and social media outreach that spread the word about the convenings and the topline messages of the CHEP Initiative to a broader audience. The following individuals are acknowledged for their contributions to the CHEP Initiative.

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This Surgeon General's report was prepared by the U.S. Department of Health and Human Services (HHS) under the direction of the Centers for Disease Control and Prevention, Office of the Director, Office of the Associate Director for Policy and Strategy. This report was compiled using a peer-reviewed process designed to safeguard the scientific rigor and practical relevance of the content from influences that could adversely affect impartiality. This process helped to ensure that the report's recommendations are defined by evidence and practice and not by the opinions of the contributors and editors.

In brief, under the leadership of a senior scientific editorial team, 30 experts wrote the initial drafts of the chapters. The experts were selected for their knowledge of the topics addressed. These contributions, which are included in Chapters 1–7, were evaluated by 22 peer reviewers. After this initial stage of peer review at the chapter level, the draft of the full report was reviewed by 24 peers, experts, and business leaders who examined the entire manuscript for scientific integrity, relevance to the business audience, and coherence. After each round of review, the report's three senior scientific editors revised each draft based on reviewers' comments. Chapter 8, which contains the Surgeon General's recommendations based on the preceding content in the report, was written after the content in Chapters 1–7 completed the peer review process. Subsequently, the report was reviewed by various divisions of HHS. Throughout the review process, the content of each chapter was revised to include information, studies, and relevant context that were not available or had changed from when the chapters were first drafted; updates were made until shortly before the report was submitted for publication.

The statements and recommendations in this report are based on a review of the existing scientific, business, health, and community development literature and practices. Reflecting the evolving nature of the topic and the focus on business, the report cites a range of peer-reviewed journal articles, news articles and releases, industry publications, opinion polls, books, and tools and resources. This report also refers, on occasion, to unpublished work, such as presentations at professional meetings, personal communications from business leaders and practitioners, and information available in various media. These references are used when acknowledged by the editors and reviewers as being a critical addition to the emerging understanding of a topic.

This Surgeon General's report was written for a business audience. In order to speak to and capture the attention of the business audience and to illustrate the actions that this report seeks to amplify, the report contains (a) examples of business enterprises investing in communities; (b) perspectives written by business leaders on the importance of business engagement with

and investment in communities; and (c) various specific actions taken by named companies to address community health and economic prosperity.

The report contains five invited pieces that were authored by business leaders: an introduction by the president of the U.S. Chamber of Commerce Foundation; three business perspectives authored by the chief executive officers (CEOs) of Centene Corporation and Hillenbrand, Inc., and the business council members of the Shakopee Mdewakanton Sioux Community; and an afterword authored by the president and CEO of Leavitt Partners. These business leaders were asked to bring their unique business perspectives to particular aspects of the report and to share, through their pieces, their knowledge and experience of the work ahead to improve community health and increase economic prosperity.

Additionally, the report contains eight short case studies or "exemplars" that depict a particular company and particular actions taken by the company to solve a business problem while also addressing a societal challenge. These exemplars illustrate ways that businesses can strengthen their business operations while also strengthening communities. The exemplars comprise only a small subset of businesses and practices and are not meant to be a comprehensive or fully representative depiction of all businesses and practices. The business practices featured as exemplars came to the attention of the Surgeon General through engagements with colleagues in academia, business, public health, and other disciplines, as well as through the Surgeon General's engagements in communities across the United States. Business leaders speaking to business leaders was considered an essential feature of this report. No business featured as an exemplar nominated itself for consideration as an exemplar.

Like most Surgeon General's reports, this one was written by experts in the field who submitted content for chapters or sections. That content was edited and revised by three senior scientific editors, and then further refined and modified as a result of the extensive peer review and governmental clearance processes. In some instances, company leaders are named as authors in bylines of specific pieces in this report. These authors of the introduction, three business perspectives, and afterword wrote only their respective pieces and did not engage in or influence the writing of the report itself. The pieces submitted by company leaders were only lightly edited and reflect the views and opinions of the authors and do not necessarily reflect the views or opinions of the Surgeon General or HHS.

Executive Summary

The health of Americans is not as good as it could be and is worse than the health of populations of other wealthy nations. America's lower health status, referred to as the U.S. health disadvantage, inflicts costs on individuals, families, businesses, and society. The coronavirus pandemic of 2020 exposed additional costs as the virus claimed more lives among those with certain underlying conditions—such as obesity and diabetes that are found in greater proportion among Americans than among residents of many other wealthy countries—and disrupted the economy to such a grave extent that access to healthcare coverage was diminished, as millions of individuals lost employer-sponsored health insurance, and preventive services were interrupted. For businesses, the U.S. health disadvantage increases healthcare costs, lowers productivity and competitiveness, and compromises business success and growth. This report strives to convince business leaders of the importance of community health to the bottom lines of businesses and to the health of the economy. The report (a) highlights the U.S. health disadvantage and the importance of strengthening communities and improving the health of residents, and (b) offers recommendations for how businesses can address the U.S. health disadvantage by engaging with and investing in communities, while creating value, lowering business costs, and improving the health of employees and other stakeholders. Given the power of business in American society, efforts to improve community health and recover and then extend economic prosperity will be insufficient without actions by business leaders.

The U.S. health disadvantage has its roots in communities where the vital conditions that shape health are unmet. The seven vital conditions that shape health, wealth and, well-being are

- Basic needs for health and safety, such as clean air and water, nutritious food, and a safe environment;
- Meaningful work and wealth, including employment, job training, and financial savings and security;
- Humane housing, such as safe structures; affordable costs; diverse neighborhoods; and proximity to work, school, and recreation;
- Reliable transportation, including efficiencies in time and energy use and opportunities for active transportation;
- A thriving natural world, such as a healthy environment and green spaces, and protections from such threats as heat and wind;

- Life-long learning, including literacy and numeracy skills, quality early child education, elementary and high school education, and access to career and adult education; and
- Belonging and civic muscle, conveying a sense of inclusion and the power to influence the policies and practices that shape the world.

These vital conditions shape health and well-being through biologic and social mechanisms. Low-opportunity neighborhoods that lack some or all of the vital conditions are plentiful across the United States. These neighborhoods exist in every state and are often found very close to high-opportunity neighborhoods. People are more likely to be healthy and skilled and participate in the labor force when they grow up and live in thriving neighborhoods, where the vital conditions are met. Thus, improving the vital conditions, equitably for all Americans, can improve health, wealth, and well-being and contribute to individual, business, and community success. Although people and governments are interested in improving the vital conditions, businesses have a particular interest because doing so promotes a rich local network of businesses, suppliers, employees, colleagues, and clients, and creates (a) healthier employees (and families) with more skills and greater productivity and (b) wealthier, more financially stable consumers with more discretionary income and a greater ability to engage in the marketplace. The community assets that comprise the vital conditions that shape health, wealth, and well-being create an excellent environment for private enterprise. Strengthening these assets promotes a thriving local network of businesses, suppliers, employees, colleagues, customers, and clients.

Unmet vital conditions in communities across the United States harm health and diminish economic opportunity. Economic mobility—the ability to climb the economic ladder and the ability of children to grow up and earn more money than their parents—is lower in the United States than in other wealthy countries. Unmet vital conditions, including lack of economic opportunity, diminish the life chances of Americans who experience them. Improving the vital conditions may be a promising strategy for promoting socioeconomic mobility.

Improving educational opportunities (from early child development to higher education and career development) and economic opportunities (jobs, job skills, career pathways, and family-sustaining incomes) improve health and may also be a promising strategy for promoting socioeconomic mobility. Income inequalities and lack of economic opportunities have been linked to a focus on profits for business at the expense of broader societal value. Restoring economic opportunity and mobility to more Americans results in higher incomes and standards of living, more prepared workers, greater discretionary consumption, and more social cohesion—all of which would have positive implications for communities, businesses, and economic prosperity.

Business has long been a force for good in American society and around the world. Business and society are mutually dependent and best thrive together. Businesses produce wealth,

create value, provide jobs, pay taxes, offer goods and services, and bring innovations to the marketplace. However, some business practices, such as a narrow focus on profit at the expense of health, the environment, and other critical common goods, have harmed both society and business. As a result, the American dream is fading for many Americans—particularly African Americans, Hispanic Americans, American Indians and Alaska Natives, and people with low incomes. Businesses can be a force in reversing this situation.

The growth in transparency, the increased recognition of interdependence between business and society, and consumers' growing attention to values each pose threats and opportunities to a business's reputation, brand, and long-term success. Businesses are looking carefully at these threats and opportunities and increasingly choosing to align business values, policies, investments, and actions with the expectations of consumers and the public. Businesses are undertaking this alignment in ways that solve business problems, create shared value for business and society, and earn profits by meeting the needs of multiple stakeholders, each of which is essential to business success. These stakeholders include employees, suppliers, customers, and communities, as well as investors and shareholders.

A stakeholder approach provides a framework for this alignment. According to stakeholder theory, businesses exist to create value for the groups who make the business "a going concern"—that is, the groups that are part of the cooperative scheme that allows a firm to come into being and to be successful over time. Stakeholder firms (firms that have implemented the principles of stakeholder theory) tend to achieve better business outcomes, including greater innovation and higher profits, than firms that have not embraced a stakeholder approach. Stakeholder theory offers a constructive view of business, and a way of understanding and operating a business by rewarding stakeholders and creating value for people and communities.

Organizations in the field of community development and community finance have been working for decades to bring opportunity to communities. These are mission-driven enterprises that foster vibrant economic, social, and health conditions to increase opportunities for people with low incomes. Businesses can partner with these organizations to address the vital conditions and help meet the need for a healthy, skilled labor force and financially secure workers and consumers. The human capital potential that could be unleashed if *every person* had access to thriving neighborhoods would transform America's communities, businesses, and economy. Such transformation requires investments and partnerships across the public, private, and nonprofit sectors. Community development organizations are prepared to partner on such investments.

Community development and community finance organizations leverage public, private, and philanthropic investments to develop real estate (such as affordable housing), promote small businesses and entrepreneurship, and strengthen human capital (e.g., through early childhood

education and workforce training). Community development actors include community development corporations, affordable housing developers, community development financial institutions (CDFIs), nonprofit service providers, and community members.

CDFIs invest in people and places that lack access to safe, affordable financial products and services. CDFIs are working to close wealth gaps across America by investing in the engines that create mobility from poverty, such as good schools, safe and affordable housing, early childcare and education, access to healthy food, and quality healthcare. Businesses and other investors seeking careful, knowledgeable investors in underserved areas can partner with CDFIs to raise capital for community investments.

The current scale of community development is insufficient to address the many complex causes of poverty and to ensure the vital conditions that shape health, wealth, and well-being are met for all Americans. Addressing poverty and meeting the vital conditions are in the direct interest of stakeholders beyond the field of community development, including government officials, businesses and business owners, educators, and healthcare providers and payers. New business models are needed to closely align the financial interests of those who benefit from a healthier, more productive population and those who create the conditions that promote human flourishing.

In addition to community development actors, businesses that would like to invest in or engage with communities can collaborate with a variety of other partners, including social enterprises, public health departments, philanthropic foundations, and anchor institutions.

- Social enterprises are in the business of knowing communities and effecting change to make them stable and help them thrive, all while operating a successful company. Their goal is to achieve a positive societal impact within the requirements of the market.
- Public health departments collaborate with a variety of organizations to meet shared goals and address the vital conditions that shape health. They can be creative, dependable, and effective partners of businesses.
- Foundations and philanthropies are critical partners at the local, regional, or national levels, bringing rich community knowledge, long-standing relationships, and a range of resources, including investment resources, to achieve shared goals.
- Anchor institutions are place-based economic engines with an embedded social mission that is inextricably linked to the long-term well-being of surrounding communities. Businesses can join with—or become—anchor institutions as they work to increase local hiring and procurement and support equitable economic development.

Data are critical to better understand community needs, begin to address the U.S. health disadvantage, and monitor the impact of business investments. As partners in a data-driven approach to community engagement and investment, businesses can help to identify strategies that create a healthier workforce and more prosperous communities and to monitor their progress in achieving specific outcomes. Data-driven approaches offer businesses and employers a pathway to make broader improvements and measure their contributions and returns in the context of the larger ecosystem of communities and society.

The report concludes that businesses and employers serve communities as one of the many stakeholders whose engagement businesses require for their long-term success, and whose interests stakeholder businesses seek to enhance. Because the vital conditions that all people depend on to reach their potential are not shared equitably and are currently threatened in many U.S. communities, businesses have an opportunity to play a more vigorous role in reversing the U.S. health disadvantage and helping to assure fair opportunities for people and businesses and across society.

Greater engagement with stakeholders; greater investment with community development, community finance, and other partners; and greater attention to aligning private value and public good are required to secure a healthier and more prosperous shared future. Markets often reward products that undermine health and well-being and do not place enough value on the vital conditions that actually enhance feelings of freedom, security, justice, connection, and self-determination. A challenge for business and society is to bring values for health, wealth, and well-being into the marketplace.

The videotaped killing of George Floyd while in the custody of the Minneapolis police on May 25, 2020, and the resulting public protests and social unrest that erupted all over the world underscore the need to ensure that there is not a misperceived optimistic tone regarding this task. This report recognizes that inequality, racism, and discrimination in society, in social institutions, in the criminal justice system—and everywhere—is not a new issue in 2020. The root causes of inequality have been present since the founding of our country. This report asks what businesses and their leaders can do to address the causes and consequences of inequality. This will not be easy or quick.

The future of society holds either greater fragmentation or greater recognition and bolstering of interdependence. Making progress toward a more equitable, just, and prosperous future that is built upon a shared understanding of our interdependence, requires an expanding network of entrepreneurs, business leaders, elected officials, community leaders, developers and changemakers, and everyday people—who act as stakeholders, stewards, and creators of shared value—to push forward a transformation from fragmentation and discord to interdependence

and inclusion. Given the powerful role of business in the United States, even sweeping efforts to strengthen and sustain community health and economic prosperity will not be enough without associated actions by businesses.

Report Recommendations

The Surgeon General recommends the following actions to strengthen community health and economic prosperity, develop a competitive business advantage, and build resilience, for both community and business. These approaches can help companies account for the interdependence between business and society, and between community health and economic prosperity, when making business decisions. These strategies can help address the U.S. health disadvantage and help to ensure that the vital conditions are met for all Americans.

1. Learn More About Your Stakeholders

Valuing the needs and interests of all stakeholders, and avoiding prioritizing one stakeholder at the expense of another, helps ensure success.

- **Fully understand the cost of poor health and other community challenges and the impact of these challenges on your company.** Understanding the world you live in and developing business models that work to enhance that world help make explicit the connections among good business practices, profitability, and responsibility to community and society.
- **Join the dialogue on community health, wealth, and well-being.** Engage in conversations about how to create a more equitable, just, and prosperous society, including addressing health, wealth and well-being gaps across communities. View problems, policy options, and solutions from the perspective of the well-being of others.
- **Meaningfully engage all stakeholders on ways to optimize value**. Meaningfully engaging each stakeholder brings innovative ideas to the fore, increases productivity and commitment to the enterprise, improves business practices, and creates more sustainable operations.
- **Identify the interdependencies between your company and your stakeholders and between your business and society, and work toward ways of operating that benefit these stakeholders and society.** Paying attention to these interdependencies and delivering value to multiple stakeholders can help a business succeed.

2. Foster a Culture of Stewardship

Stewardship refers to a company managing its impact on society. This requires addressing problems at a systems level—through policy, investment, and education, for example.

- **Embrace the positive role of business to strengthen communities.** Businesses are perhaps the most powerful institutions on earth. Wielding that power for good has been a successful strategy for business.
- **Support local, state, and federal policies that meaningfully increase economic opportunities and equitably improve the health of communities, employees, and families.** Businesses have a powerful voice that can shape policy, including spending and implementing policies that have equitable impacts, with the most beneficial impacts on those most in need.
- **Use hiring and procurement tools to strengthen communities and explore opportunities to unleash untapped potential at the local level.** Strengthening local business relationships can help improve hiring and address supply-chain problems while also strengthening communities.
- **Invest business profits in strengthening communities.** Businesses can invest in other businesses, entrepreneurs, community development, and more, while prioritizing investments that meet a community need and support commercial success.

3. Develop Strategic Cross-Sector Partnerships

Most efforts to improve community health, wealth, and well-being involve partnerships that bring a range of expertise and additional resources. Effective partners for business include community development organizations, philanthropic foundations, local government agencies, and other businesses.

- **Collaborate with local, regional, and national partners from across sectors to implement effective solutions.** Complex societal challenges—like opioid misuse, disengaged young people, and even lack of access to broadband Internet in rural areas—demand the resources, know-how, and creativity that multiple organizations working together provide.
- **Partner with community development corporations and community development financial institutions.** Collaborating with these partners brings specialized skills, financial capabilities, and deep community knowledge and trust.

4. Measure Performance Using Meaningful Indicators of Community Health and Well-Being

Many companies have key performance indicators to evaluate performance in major areas of business operations. Consider whether your company's performance metrics can be improved by including community health indicators.

- **Ensure that philanthropic giving strengthens community health and economic prosperity.** Businesses can help to ensure that their charitable contributions benefit the community by focusing their investment portfolios and holding themselves accountable for outcomes.
- **Redefine productivity in the value chain to include the economic costs from societal problems.** Societal problems create economic costs in a company's value chain. Addressing problems in the value chain—for example, by using resources more efficiently or implementing stronger employee health and safety protections—can optimize productivity and benefit both business and society.
- **Align wages, salaries, and benefits with the needs of a healthy, equitable, and prosperous society.** A job can be one of the most fulfilling aspects of life, bringing meaning and purpose to employees and their families. But jobs can also be dangerous, demoralize workers, and keep workers and families in poverty. Improving wages, salaries, benefits, and working conditions can turn an arduous and repetitive job into an opportunity and a livelihood.
- **Create shared value for companies and communities by combining social purpose with business opportunities.** Shared value happens when profitable business strategies produce real societal benefits. Business can uncover these opportunities by choosing to help solve a particular social problem and doing so in a way that creates or augments a business opportunity.

These recommendations offer opportunities for businesses, working together with others, to more purposefully embrace their roles as stakeholders in a society that works for everyone. With growing awareness of interdependence, greater engagement of all stakeholders, and an alignment of business earnings and societal gains, such partnerships and investments can ripen into healthier people and communities, a more equitable and just society, and a sustainably prosperous economy upon which everyone depends.

Foreword From the Surgeon General

This report was largely written in fall 2019, when the economy was booming and unemployment was at an all-time low. Long before then, the United States was struggling with what many call the U.S. health disadvantage—that is, on average, the health of Americans is worse than the health of people in other wealthy countries, even as we spend more on healthcare than any other country. Within the United States, there are also clear differences in health status and access to healthcare across geographic settings and racial and ethnic groups. The original intent and message of our report was to communicate that health and the economy are inextricably linked, meaning we cannot have healthy communities without a prosperous economy, and we cannot have a prosperous economy without healthy communities. Strengthening the health of communities, in turn, requires eliminating the causes of the gaps in health status and gaps in access to care within and across our communities. We focused the report on the role of businesses in contributing to both community health and economic prosperity. We set out to make the case for greater business engagement with and investment in communities—especially those most vulnerable—not just because it is a good thing to do for the sake of others, but also because it is in the self-interest of businesses to do so.

Then the world changed. A novel coronavirus emerged in China and spread rapidly around the world. By early spring 2020, many Americans were staying home, and many nonessential businesses had closed their doors. Infection and death rates climbed, and the economic news turned grim. And yet, the message of our report endures and resonates even more profoundly: Health and the economy are inextricably linked. We cannot have one without the other. This interdependence—between health and the economy, and among all of us who make up society—has been neglected for too long. We now are seeing in very tangible and historic ways that our nation cannot maintain one without the other and cannot maintain either without including all of us.

Two trends characterize health in the United States. First, overall health in the wealthiest country on the planet is far from optimal and in many instances is getting worse, especially among the working-age population. Second, spending on medical care continues to go up. We pay more for healthcare than any other country in the world, but our health outcomes are not commensurate. Indeed, on some measures—like obesity, diabetes, infant mortality, and even life expectancy—outcomes are far worse in the United States than they are in many other nations.

The impetus for this report came from the observation that, even as they create suffering and hardship for individuals and families, the overall health of the U.S. population and the increasing cost of healthcare in the United States are also particularly burdensome to businesses. The success

of businesses depends on a healthy and productive workforce, and businesses pay about 20% of the nation's medical care costs by virtue of providing health insurance to employees and their dependents. Yet all this spending on healthcare by individuals, families, employers, and the government is not resulting in better health or longer life.

I am interested in what businesses can be doing to alter this reality—not just for the sake of improving health and controlling healthcare costs, but for the sake of improving their own long-term economic viability. How can businesses improve the health of their communities—including the health of current and future employees—while trying to control one of their largest business expenses, their growing and unsustainable healthcare costs?

> Health and the economy are inextricably linked. We cannot have one without the other. This interdependence—between health and the economy, and among all of us who make up society—has been neglected for too long. We now are seeing in very tangible and historic ways that our nation cannot maintain one without the other and cannot maintain either without including all of us.

Exploring the role of business in health and society is not a typical topic for a Surgeon General's report or a customary line of inquiry for public health. However, it brings into view a set of practical solutions that businesses can employ to help address the U.S. health disadvantage. This report explores

- The U.S. health disadvantage and the burden it places on our businesses and our economy (in addition to our people and families);
- How communities can become (or improve as) places that nurture health, wealth, and well-being and offer children and families opportunities to thrive; and
- The meaning and role of businesses in the United States, and how businesses can create value for both themselves and their communities by helping to address the conditions that drive poor health and create the conditions that help people thrive.

This report describes the activities of community changemakers who can partner with businesses to engage stakeholders, create shared value, and steward systems that improve community health and increase economic prosperity. Finally, this report offers a vision for the future where businesses that wish to create value, enhance profit, and thrive over the long term, choose to invest in the health, wealth, and well-being of their stakeholders—employees, customers, suppliers, communities, investors, and shareholders—without whom those very businesses could not exist.

Businesses cannot prosper for long when society struggles. Certainly, the coronavirus pandemic of 2020 has made that clear. Businesses have had to adapt; many will recover, but some will not

succeed. All should be concerned with strengthening our nation's health and resiliency, so that any future economic downturn resulting from a health threat is less severe.

Some businesses have figured out ways to maintain, and even increase, profits while also addressing community needs and contributing to social progress. To succeed over the long term, businesses and those who invest in them have both a responsibility and a competitive interest to make money in ways that contribute to the health, wealth, and well-being of all. This report seeks to point the way for more businesses to do so, and to shine a light on specific strategies that are already showing results.

By integrating these approaches into business operations, many businesses have succeeded at what is the essence of capitalism—generating a profit while delivering the greatest societal gains—thus creating value for company and community. I believe doubling down on this purpose will improve community health *and* increase economic prosperity for all, help to right the U.S. health disadvantage, and help to control the costs of medical care.

I challenge business leaders and policymakers across the country to work toward ensuring business returns are commensurate with societal gains. That is what we should all envision as capitalism at its best.

Jerome M. Adams, M.D., M.P.H.
Vice Admiral, U.S. Public Health Service
Surgeon General of the United States

Welcome to Community Health and Economic Prosperity

by Carolyn Cawley, President, U.S. Chamber of Commerce Foundation

At the U.S. Chamber of Commerce Foundation, we know that a healthy, productive workforce fuels vibrant communities. Businesses have long played an important role in promoting community health by investing in their employees and customers and by creating another essential building block to health: jobs. Healthy communities are essential to a strong economy that creates more opportunities for more people.

Our work with businesses in every corner of the nation confirms we are stronger when we work together—across government, nonprofits, academia, and the private sector. We saw this firsthand when our "Sharing Solutions" initiative took us on a national tour of communities hit hard by the opioid epidemic to host conversations about how employers can be a leading part of the solution. It is also why we have worked with groups like the National Academies of Science, Engineering, and Medicine to better understand businesses' growing relationship to community health and share the significant return on those investments.

We welcome every opportunity to use our role as conveners of the business community to create solutions—both on the ground and through educational efforts like this Surgeon General's report.

This report shines a light on the relationship between community health and economic prosperity. It encourages business leaders to continue to prioritize health and well-being as a key tenet of their community engagement. At the same time, it highlights the importance of an environment where businesses and community stakeholders can work together to deliver improved health outcomes.

It also underscores how employers are uniquely positioned to effect lasting change in their community's health. Over decades, businesses have demonstrated their drive and commitment to fostering a culture of health in America. From using their reach to engage a broader group of citizens, to developing new and innovative strategies to empower healthy employees and customers, this report shows why continuing this momentum is more important than ever.

Whether addressing decades-old challenges or emerging crises, businesses are a vehicle for building healthy, sustainable, and strong communities that maximize everyone's potential. The U.S. Chamber of Commerce Foundation is pleased to introduce readers to this Surgeon General's Report on community health and economic prosperity, and we encourage businesses and other private sector leaders to celebrate the important contributions they have made, and find inspiration for the work that is to come.

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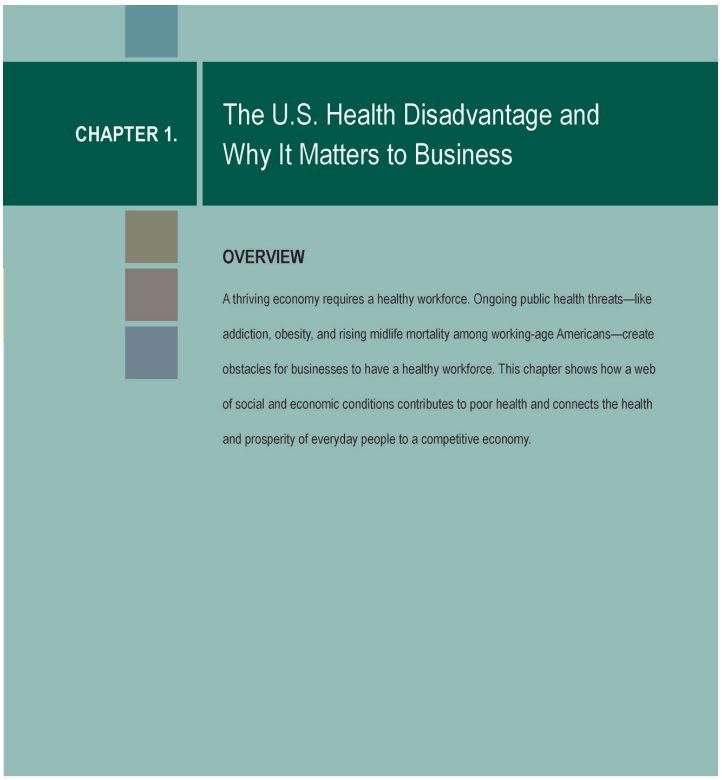
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CHAPTER 1.
The U.S. Health Disadvantage and Why It Matters to Business
OVERVIEW
A thriving economy requires a healthy workforce. Ongoing public health threats—like addiction, obesity, and rising midlife mortality among working-age Americans—create obstacles for businesses to have a healthy workforce. This chapter shows how a web of social and economic conditions contributes to poor health and connects the health and prosperity of everyday people to a competitive economy.

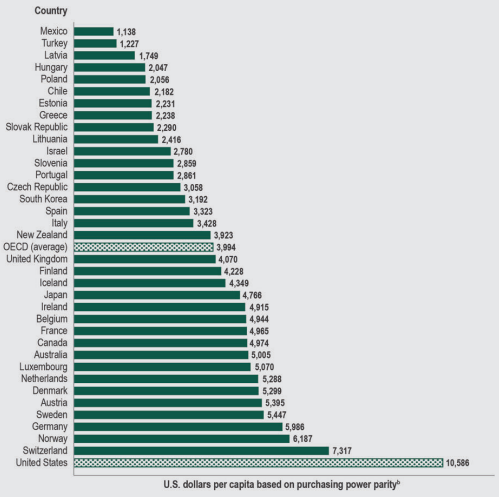
KEY TAKEAWAYS

- The health of Americans is poor relative to residents of other wealthy nations. This is referred to as "the U.S. health disadvantage."
  - The prevalence of poor health conditions, from diabetes to alcohol-related car crashes, is higher in the United States than in other wealthy countries, which has clear implications for U.S. healthcare costs, labor productivity, and labor availability.
  - On average, people born in the United States have lower life expectancies than those born in other wealthy countries.
  - U.S. workers are less healthy and have less access to and pay more for healthcare than workers in other wealthy countries.
- The U.S. health disadvantage
  - Increases costs for businesses, lowers productivity and competitiveness, and compromises business success and growth; and
  - Has its roots in poor conditions in neighborhoods and communities where the vital conditions that shape health are unmet for some residents.

Introduction

Many Americans believe they enjoy better health than people in other wealthy countries and have access to the best healthcare system in the world. Neither assumption is true. On average, people in the United States have poorer health—shorter lives and more illness—and experience greater *health inequity* (avoidable differences across groups) than their counterparts in other wealthy countries. In the United States, the difference in how long Americans live and how healthy they are, among various groups (such as racial/ethnic or income groups), is greater than that of populations in many other wealthy countries, and that difference is widening with time. Furthermore, many Americans cannot fully access the U.S. healthcare system, including 28.9 million non-elderly Americans who lacked health insurance in 2019. A person's ability to receive quality healthcare in America is not universal, even as the United States spends more on healthcare than any other country. The gap between U.S. spending on healthcare and that of other wealthy nations has widened over time. In 2018, healthcare expenditures were 2.6 times higher in the United States ($10,586 per person) than the average of healthcare expenditures of member nations of the Organisation for Economic Co-operation and Development (OECD) ($3,994 per person) (Figure 1.1). The high level of U.S. spending on healthcare is ineffective, inefficient, and costly. OECD countries that spend less on healthcare than the United States have healthier populations and greater life expectancies.

Figure 1.1 Health expenditure[a] per capita, 2018 (or nearest year) by country and the OECD average



Note: **OECD** = Organisation for Economic Co-operation and Development.

[a] Total health spending is based on the final consumption of healthcare goods and services (i.e., current health expenditure), including personal healthcare (curative care, rehabilitative care, long-term care, ancillary services, and medical goods) and collective services (prevention and public health services, as well as health administration) but excluding spending on investments. Healthcare is financed through a mix of financing arrangements, including government spending and compulsory health insurance, as well as voluntary health insurance and private funds from, for example, households' out-of-pocket payments, nongovernmental organizations, and private corporations.

[b] "Purchasing power parity is a conversion rate that shows the ratio of the prices in national currencies of the same basket of goods and services in different countries."

The paradox of poor health in a country that spends far more on healthcare than any other country is partly explained by the lack of access to healthcare, but is more fully explained by the fact that *health is about more than just healthcare*. The conditions that shape health are *outside*

the clinic—where people live, grow, learn, work, and age—and not inside the clinic, where clinicians and staff do their work. In fact, healthcare is estimated to account for only 10–20% of health outcomes. The takeaway for employers is clear: *The health of workers and the costs of their healthcare are shaped by the conditions in which employees live and return to after work—in their homes and neighborhoods*. Today's business leaders can play a meaningful role in the lives of their employees, consumers, and community members. By investing in the health and well-being of communities across the country, businesses have the potential to change the trajectory of wellness for generations to come.

> Health is about more than just healthcare . . . [it's about] where people live, grow, learn, work, and age.

The health of Americans is vital to individuals, families, communities, businesses, the economy, and national security. U.S. employers depend on a healthy workforce to maximize productivity and minimize healthcare costs. In a global marketplace, an unhealthy workforce and high healthcare costs put U.S. businesses at a competitive disadvantage with businesses located in countries with healthier people. Population health also affects the consumer market, whereby the demand for nonessential products and services suffers when families are struggling with illnesses and much of their disposable income is required for medical expenses.

> The U.S. health disadvantage threatens the country's global competitiveness and national security, as well as the hopes and prospects of future generations.

The term "U.S. health disadvantage" refers to the lower health status of Americans and the uniqueness of the United States among populations of wealthy nations. Although leaders in public health and medicine have been concerned about the consequences of an unhealthy population, the consequences are increasingly drawing the attention of business leaders, economists, and public officials. Today's business leaders are concerned about the larger economic impacts of a workforce that is dying prematurely, suffering from high rates of disease and disability, and generating high healthcare costs. The U.S. health disadvantage threatens the country's global competitiveness and national security, as well as the hopes and prospects of future generations.

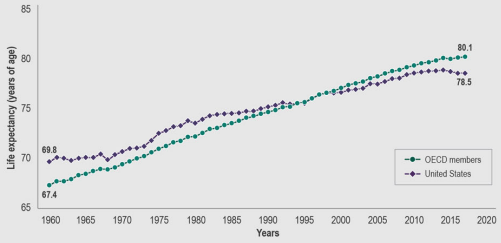
Scope of the U.S. Health Disadvantage

In 2018, news outlets reported that U.S. life expectancy (how long a newborn can expect to live) was decreasing for the first time in generations. The reports grew out of studies from the Centers for Disease Control and Prevention that U.S. life expectancy had decreased for three consecutive

years. This news highlighted the reversal of a longstanding trend of increasing life expectancy for much of the past century[1] due to improvements in the conditions that shape health and to advances in medicine and medical care. However, this is not the news story in other wealthy countries, where life expectancy continues to increase.

- **The downturn in the health status of Americans is not new.** For much of the twentieth century, U.S. life expectancy had been among the highest in the world, and for many years exceeded the average life expectancy of people living in other wealthy countries (i.e., member nations of OECD). The U.S. health disadvantage emerged in the 1980s, when the increase in life expectancy in the United States slowed down, increasing more slowly than in other OECD countries (Figure 1.2). By 1998, the increase fell below the OECD average. By 2005, the 15-year survival rate of 45-year-old White women in the United States was lowest among 12 comparison countries. In 2015, U.S. life expectancy ranked last among industrialized nations (Table 1.1), and this trend continues. The recent decline in U.S. life expectancy stems from an increase in deaths among working-age adults (25–64 years of age); the risk of death among this population has generally increased since 2010 (Figure 1.3). U.S. workers are also less healthy and more likely to die earlier than workers in other wealthy countries. Children born in the United States are on course, on average, to die earlier than children born in other wealthy countries.

Figure 1.2 Life expectancy at birth in the United States and member countries of OECD, 1960–2017



Note: **OECD** = Organisation for Economic Co-operation and Development.

[1] A decrease in life expectancy of this duration has not occurred since the worldwide influenza pandemic of 1917–1918.

Table 1.1 Life expectancy at birth among males and females in 17 high-income countries,[a] 2015[b]

A. Males

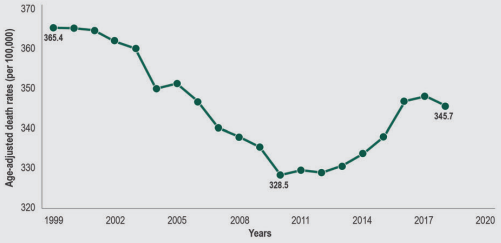
Country	Life expectancy (in years)
Japan	80.8
Switzerland	80.8
Norway	80.5
Australia	80.4
Sweden	80.4
Italy	80.3
Spain	80.1
Netherlands	79.9
Canada	79.9[b]
France	79.2
United Kingdom	79.2
Austria	78.8
Denmark	78.8
Finland	78.7
Germany	78.3
Portugal	78.1
United States	**76.3**

B. Females

Country	Life expectancy (in years)
Japan	87.1
Spain	85.8
France	85.5
Switzerland	85.1
Italy	84.9
Australia	84.5
Finland	84.4
Portugal	84.3
Norway	84.2
Sweden	84.1
Canada	84.0[b]
Austria	83.7
Netherlands	83.2
Germany	83.1
United Kingdom	82.8
Denmark	82.7
United States	**81.1**

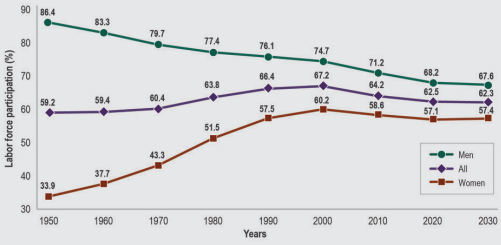
[a] Seventeen high-income countries were selected to replicate the analysis in Woolf and Aron.
[b] As cited in IndexMundi.

Figure 1.3 Death rate among U.S. working-age adults (25–64 years of age), 1999–2018



- **The U.S. health disadvantage extends beyond lower life expectancy.** The prevalence of poor health conditions, from diabetes to alcohol-related car crashes, is higher in the United States than in other wealthy countries, which has clear implications for U.S. healthcare costs, labor productivity, and labor availability. Six of 10 Americans have at least one chronic condition and 4 of 10 have two or more chronic conditions, including 18% of Americans 18–44 years of age and 50% of Americans 45–64 years of age. Some studies have reported that Americans are feeling less healthy and are experiencing a decline in mental health and increasing rates of depression (primarily among adolescents and young adults). Meanwhile, participation by U.S. men in the labor force has plummeted from a high of 86.4% in 1950 to an estimated 68.2% in 2020. Although increased participation in the labor force over time by U.S. women has made up for some of the decline in men's participation, women's labor force participation has declined from a peak of 60.2% in 2000 to an estimated 57.4% in 2020[2] Figure 1.4).

Figure 1.4 U.S. labor force participation, 1950–2010, and projected, 2020–2030



- **The U.S. health disadvantage affects much of the population.** The higher (worse) age-specific death rates in the United States drive the shorter (worse) life expectancy. These worse death rates affect young, middle-aged, and older people; males and females from infancy to 75 years of age; and all races and social classes. For example, the death rate among non-Hispanic White Americans is lower (better) than rates among most minority and low-income Americans. However, the death rate of non-Hispanic White Americans is higher (worse) than the death rate of non-Hispanic Whites in other wealthy nations. The

[2] An estimated 62.5% of men and women combined participated in the labor force in 2020 (Figure 1.4). Actual monthly labor force participation reached a low of 60.2% in April 2020, due to the impact of the coronavirus pandemic, before rebounding slightly to 61.5% in June 2020.

death rate among U.S. White males and females in every age group younger than 55 ranks 16th or 17th (worst) out of 17 peer countries. High-income Americans, people with health insurance, college graduates, and those with healthier behaviors also fare worse than their counterparts in other wealthy countries: These Americans also have higher infant mortality, more chronic diseases, and lower life expectancy.

- **The U.S. health disadvantages are diverse.** Compared with populations in other wealthy countries, Americans across income levels and racial/ethnic groups suffer and die at higher rates from a broad range of diseases and injuries—including heart, lung, and kidney disease; obesity; diabetes; car crashes; drug overdoses; and shootings—and from adverse birth outcomes (e.g., infant mortality), adolescent pregnancy, and HIV and AIDS.

These outcomes persist despite America's large investments in healthcare, which vastly exceed the levels in which other countries invest in their own healthcare systems. Unless circumstances change, estimates suggest that the U.S. health disadvantage will continue to worsen, as it did during the coronavirus pandemic of 2020. The coronavirus was especially dangerous to people with existing chronic conditions and subjected Americans to the health complications from the economic downturn brought on by the pandemic.

Explaining the U.S. Health Disadvantage

The question of *why* Americans live shorter lives and have poorer health than people in other wealthy nations can be explained by how the United States differs from other wealthy countries in five areas:

- **Public policies and spending:** Public policies and spending set the context for the other four differences. Health and quality of life are linked to many U.S. public policies and personal ideologies that influence those policies, including (a) America's approach to governance and the decentralized influence of the states and (b) Americans' unique concerns about the size of government, the amount of regulation, levels of taxation, gun rights, and other issues that affect public policies—specifically, the generosity of social welfare programs and investments in education, housing, and public health and other social needs.
- **Social and economic factors:** Income and education are among the most important social and economic factors related to health. Compared with other wealthy nations, the United States has higher levels of income inequality, poverty, child poverty, single-parent households, divorce, and incarceration. The United States has lost its leadership position in education, ranking 24th in science and reading and 38th in math, behind such countries as Vietnam, Estonia, and Slovenia.

- **Social and physical environments:** The built environment in U.S. cities, suburbs, and rural and tribal areas is designed for automobiles rather than pedestrians, cyclists, and public transit; and Americans are exposed to greater instances of violence and residential segregation than their peers in other wealthy nations.
- **Individual behaviors:** Compared with their peers in other wealthy countries, Americans have lower rates of smoking[3] and problem drinking, but they consume more calories per person, are less likely to fasten seat belts in vehicles, have more motor vehicle crashes involving alcohol, are more likely to own firearms, and are more likely to use and misuse drugs.
- **Healthcare:** Unlike other wealthy nations, the United States does not offer universal access to healthcare. The U.S. healthcare system struggles with deficiencies in quality, fragmentation, and poor coordination of care; and it ranks poorly when compared with healthcare systems in other wealthy nations. Finally, health insurance in the United States is often tied to employment. When employment is disrupted, such as that caused by the coronavirus pandemic, many workers lose their health insurance coverage, often at a time of high need.

Lower spending on social services may also contribute to the U.S. health disadvantage. Major investments in social, economic, and environmental development in the 1930s and 1960s have not been replicated in recent decades. Between 1962 and 2017, the share of federal spending on social and economic investments (e.g., in education) decreased by 59%. During the same period, spending on programs that provide direct cash transfer and healthcare-related costs (e.g., Medicare and Medicaid) increased by 162%. Spending more on healthcare does not necessarily lead to better health. In fact, populations in countries that prioritize spending on social services over spending on healthcare have higher life expectancy. The same is true across the United States, where populations in states that dedicate a large proportion of their budgets to social services have higher life expectancy.

More recently, research attention has focused on another component of the explanation. Racism and bias is increasingly identified as an important contributing cause of poor health outcomes for such population groups as people of color in the United States. Structural, cultural, and interpersonal racism and bias have been shown to affect health, wealth, and well-being through socioeconomic, psychosocial, policy, and opportunity pathways, which are often intertwined. For example, residential housing segregation, unequal treatment within the criminal justice system, and lack of access to credit and capital have the effect, individually and together, of concentrating poverty, limiting access to quality education, and limiting employment and economic opportunities. Each of these contributes to poorer health outcomes. Racism and bias in the diagnosis and treatment of disease also contributes to poorer health outcomes.

[3] Higher rates of smoking decades ago may also be contributing to currently high U.S. death rates from tobacco-related illnesses.

The relationships among these areas are complex. Although healthcare is important when people are ill, research shows that unhealthy behaviors (e.g., smoking, lack of physical activity) contribute significantly to disease and death. Some studies attribute 40% of U.S. deaths to unhealthy behaviors, which, in turn, are influenced by the physical and social environments. People can make choices from only the options that are available to them; they cannot eat well if healthy foods are not available or walk to the store or park if the neighborhood is not safe. The physical environment—or the built environment—includes parks, housing, and transportation resources. The social environment includes the connections, networks, people, and institutions through which people interact (e.g., schools, employers, banks, libraries, and community centers). These interactions can either promote or damage health. Health-promoting conditions include social support, safety, and social connection. Health-damaging conditions include social isolation, discrimination, segregation, and trauma.

Social and economic factors—such as education, income, and poverty—rank among the most influential drivers of health, because socioeconomic resources enable people to pursue healthy behaviors, live in neighborhoods with desirable physical and social environments, and access healthcare. In an economy that depends on a skilled and knowledgeable workforce, like the United States economy, quality education may be the most important driver of health and economic opportunity.

Decisions on public policies and spending greatly influence the other four areas. Policies (or lack of policies) can determine a person's opportunities and whether gaps in opportunities shrink or grow. Decisions that are made by government and the private sector at the national, state, and local levels determine whether

- The environment is healthy and safe, including clean air and water; a built environment that promotes physical activity; access to healthy foods, quality and affordable housing, reliable transportation to jobs, education, and services; and a social environment that is free of violence, trauma, and discrimination;
- Policies are instituted to encourage healthy behaviors, including avoiding smoking and misuse of alcohol and other drugs;
- People have access to affordable, high-quality healthcare; and
- The social and economic status of American families—such as children's education, access to jobs with a livable wage, and income and savings—allows them to afford the conditions that shape good health.

Many Americans, including those in middle- and low-income households, and especially racial/ethnic minorities, have faced prolonged periods of economic stress, wage stagnation, and decreased social mobility (the inability to climb the economic ladder). These mounting stresses, which can be mitigated by better policies, contribute to poor health. The coronavirus pandemic of 2020 exacerbated and accelerated these economic and social stressors.

Why Does the U.S. Health Disadvantage Matter to Businesses and the Economy?

The U.S. health disadvantage has major implications for businesses and employers due to the adverse effects on the health of workers and their dependents. Employers share the burden as chronic diseases, such as obesity and diabetes, grow in prevalence in the workforce and among dependents. This poor health generates costs for employers, such as greater healthcare expenses; while higher rates of disability (as defined by the Social Security Administration), absences for illness and medical appointments (for themselves and dependent family members), and presenteeism (i.e., working while sick) generate indirect costs that reduce workforce productivity and contribute to declines in labor force participation. For example, the average full-time worker with diabetes misses an estimated 5.5 workdays per year; unplanned absences for this disease cost U.S. employers $20 billion annually in lost productivity. The indirect costs of diabetes to employers may approach $90 billion per year (Table 1.2).

Table 1.2 Indirect costs to U.S. employers due to diabetes

Problem	Productivity losses	Costs ($ billion)
Reduced productivity days among persons not in labor force	14 million days	2.3
Work days absent	14 million days	3.3
Mortality	277,000 deaths	19.9
Reduced performance at work	114 million days	26.9
Reduced labor force participation due to disability	182 million days	37.5
Total	—	**89.9**

Many American companies are discovering that there are economic benefits in the choice to address the vital conditions required for health (Boxes 1.1a and 1.1b). Poor education, unstable housing, and food insecurity affect the health status of workers and their productivity on the job. In a knowledge-based economy, businesses already understand the value of an educated and skilled workforce, but the larger health benefits of education may not be fully appreciated—nor is the price tag for gaps in education. Workers with less education or income are more likely to have chronic illnesses and complications, higher healthcare costs and more absenteeism and presenteeism. Even the ability to conduct manual labor, such as lifting packages or climbing stairs, varies by level of education (Figure 1.5). Lower income adds to psychological distress, an important consideration

in an era of increasing deaths from drug use, problem alcohol use, and suicide. The opioid epidemic, a phenomenon with far less impact on businesses in other countries,[4] costs U.S. employers billions of dollars per year in healthcare costs and lost productivity.

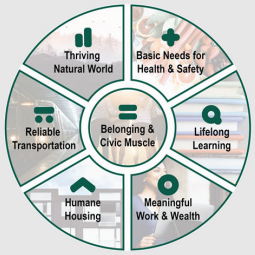
BOX 1.1A: WHAT ARE VITAL CONDITIONS FOR HEALTH, WEALTH, AND WELL-BEING?

Our ability to survive and thrive—as individuals, institutions, industries, and even as a nation—depends on having a consistent set of *vital conditions*, such as clean air, fair pay, humane housing, early education, routine healthcare, and other pragmatic necessities (see graphic below). The status and quality of the vital conditions shape each person's ability to attain his or her best possible health, wealth, and well-being. Everyone—including the public, private, and nonprofit sectors and individuals, families, and communities—has a role to play in assuring the vital conditions, equitably, for all Americans.

When any of the vital conditions is not met, a variety of threats predictably arise. Those threats drive demand for urgent services that people facing adversity might need temporarily to regain their best possible health, wealth, and well-being (Box 1.1b). If services are unavailable or inadequate, the consequences of unmet vital conditions may be devastating to individuals, families and communities, and the costs, which are considerable, are borne by society. Everyone pays.

The changing states of these vital conditions and urgent services shape the prospects for people and places across the United States, now and for generations to come.

The Seven Vital Conditions



People have no say in the vital conditions that they inherit from their predecessors. At the same time, people today can transform current and future vital conditions, for better or for worse.

Note: Belonging and Civic Muscle forms the core of the other elements because it is both a vital condition unto itself and a practical capacity expressed through every other kind of work. Graphic of the seven vital conditions is adapted with permission from WE in the World, on behalf of the WIN Network, Rippel Foundation, and Well Being Trust.

[4] An increase in opioid prescribing has been observed in other countries (e.g., Australia, Canada, Denmark, Finland, Germany, Sweden, United Kingdom), but no country has experienced an increase in drug overdose deaths comparable to the United States.

BOX 1.1B: A DEEPER LOOK AT THE VITAL CONDITIONS

The vital conditions that shape each person's ability to attain his or her best possible health, wealth, and well-being are defined in greater detail (in teal). When one or more vital condition is unmet, the demand for urgent services increases (in orange). Unmet vital conditions can be devastating to individuals, families, and communities and generate costs that are borne by all of society. Although the lack of a specific vital condition does not result in a specific urgent need, the adversity that results from one or more vital conditions being unmet can create any number of urgent needs, some of which are illustrated here. Belonging and civic muscle (in blue) is both a vital condition and component of each vital condition. When belonging and civic muscle are strong, assuring the vital conditions becomes easier.

Investments to Assure Vital Conditions Properties of places and institutions that all people need all the time to be healthy and well		Services to Address Urgent Needs Services that anyone under adversity may need temporarily to regain or restore health and well-being	
 Basic Needs for Health and Safety	**Basic requirements for health and safety** • Adequate air and water • Nutritious food • Routine physical activity • Sufficient sleep • Safe, satisfying sexuality and reproduction • Freedom from crime, injury, violence, traumatic stress, and addiction • Routine health care (physical and mental)	 Acute Care for Illness or Injury	**Acute and post-acute care for physical and mental illness** • Emergency medical services • Acute hospitalization • Trauma-informed care
 Lifelong Learning	**Continuous learning, education, and literacy** • Cognitive, social, and emotional abilities • Early childhood experiences • Elementary and high school • Higher education • Career and adult education	 Addiction Treatment	**Services to stop addictive behavior and begin recovery** • Substance abuse treatment and support
 Meaningful Work and Wealth	**Rewarding work, careers, and standards of living** • Job training/retraining • Well-paying, fulfilling jobs • Family and community wealth • Savings and limited debt	 Crime Response	**Efforts to fairly adjudicate alleged violations of the law** • Police, fire, and first responders • Courts • Incarceration
 Humane Housing	**Humane, consistent housing** • Adequate space per person • Safe structure • Affordable costs • Diverse neighborhood (without gentrification, segregation, and concentrated poverty) • Close to work, school, food, and recreation/nature	 Homeless Services	**Short-term housing for people experiencing homelessness** • Emergency shelters

BOX 1.1B: CONTINUED

Investments to Assure Vital Conditions Properties of places and institutions that all people need all the time to be healthy and well		Services to Address Urgent Needs Services that anyone under adversity may need temporarily to regain or restore health and well-being	
 Thriving Natural World	Sustainable natural resources and freedom from climate hazards • Clean air, water, and soil • Natural spaces • Freedom from extreme heat, flooding, wind, radiation, earthquakes, and pathogens	 Environmental Clean-Up	Efforts to clean up hazards in air, water, soil, homes, workplaces, and communities • Lead abatement • Water treatment • Brownfield decontamination • Disaster response and recovery
 Reliable Transportation	Reliable, safe, and accessible transportation • Close to work, school, food, and leisure • Safe transport • Active transport • Efficient energy use • Few environmental hazards	 Unemployment and Food Assistance	Assistance for those who are disadvantaged, out of work, or disabled • Federally supported programs for disadvantaged families (TANF, SNAP, WIC) • Food banks • Energy assistance • Childcare assistance

Efforts to Strengthen Belonging and Civic Muscle

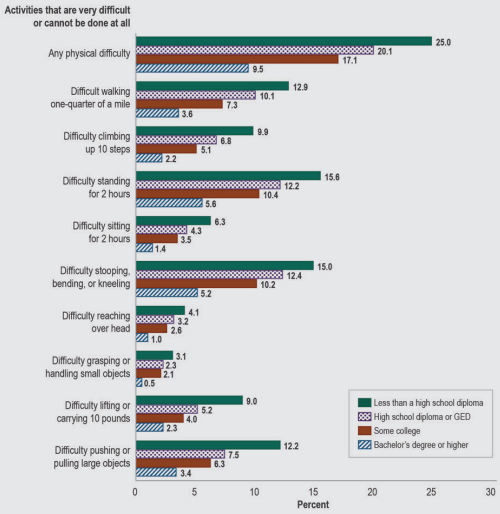
Special capacities of people and institutions that convey to all a sense of belonging and power to influence the policies, practices, and programs that shape the world



Efforts that strengthen belonging and civic muscle include

- Arts, culture, and spiritual life
- Social support
- Freedom from stigma, discrimination, and oppression
- Support for civil rights, human rights
- Civic agency, engagement (voting, volunteering, public work)
- Collective efficacy
- Nonprofit organizations
- Civic science
- Transparency
- Communications, information technology, and social networking
- Politics and partisan discourse

Figure 1.5 Age-adjusted prevalence (%) of difficulties with physical functioning among U.S. adults, 18 years of age and older, by level of education, 2017



Note: **GED** = General Education Diploma.

Like economic and social status, geography also plays a role in health. Today's business leaders must consider the disparate living and health conditions to which their workers return at the end of their workday. The vital conditions in employees' neighborhoods—from the quality of housing and drinking water to the amount of green space to instances of racial segregation—affect health at the worksite and the cost of healthcare. Different conditions in different neighborhoods mean that two workers at the same company will have different educational and economic opportunities, community supports, health statuses, disease risks, and life expectancies—for themselves and their children.

The bottom line is clear: Businesses have an economic interest in improving the vital conditions in workers' neighborhoods and in working with community partners to maintain or create an environment that is healthy and safe. The same conditions that shape health are also the features that enable employers to attract and retain talented workers. Such conditions include good schools, resources for sports and physical activities (e.g., parks, playgrounds), modern, efficient infrastructure (quality affordable housing, broadband Internet access, transportation), and healthy social environments (e.g., lack of segregation and violence). Businesses have powerful incentives to act to improve the vital conditions that shape health (Box 1.2).

The bottom line is clear: Businesses have an economic interest in improving the vital conditions in workers' neighborhoods and in working with community partners to maintain or create an environment that is healthy and safe.

BOX 1.2: INCENTIVES FOR BUSINESSES TO IMPROVE THE VITAL CONDITIONS THAT SHAPE HEALTH

The National Business Coalition on Health described the incentives for businesses to invest in building healthy communities:

- "Improve the health status, and therefore the productivity, of an employer's current and future workforce;
- Control direct (healthcare) and indirect (absenteeism, disability, presenteeism) costs to the employer;
- Create both the image and the reality of a healthy community that may help recruitment and retention of workforce talent in tight labor markets;
- Increase the buying power and consumption level for business products, in particular nonmedical goods and services, by improving the health and wealth of a community;
- Strengthen an employer's brand and recognition in the community;
- Generate, for individual business leaders, positive feelings of civic pride and responsibility and of being a constructive member of the community;
- Channel corporate philanthropy in a direction that will improve community relations, goodwill, or branding with the potential for a positive return for the business enterprise;
- Help create public and private partnerships and a multistakeholder community leadership team that can become the foundation for collaboration, cooperation, and community-based problem-solving for many other issues affecting the business community, such as economic development and education."

The decline in U.S. health transcends the business environment and affects the nation's economy. For example, state and local economies suffer when poor health and living conditions make it difficult to attract new industries or force companies to relocate, taking jobs with them. The same adverse conditions that affect the health of a community also stifle upward mobility and

the well-being of communities, creating conditions for social discord, crime, and violence. Lack of upward mobility and associated income inequality are costly to the economy. The U.S. health disadvantage puts the nation at a competitive disadvantage in the global marketplace, as U.S. companies compete with overseas companies that enjoy a healthier, more productive workforce and lower healthcare costs per capita. The rise in U.S. healthcare costs places unsustainable economic pressures on public payers (e.g., Medicare, Medicaid), employers, and patients who struggle with out-of-pocket expenses, while reductions in the health of the working-age population and reductions in participation in the labor force place economic pressures on businesses themselves. The U.S. health disadvantage has even raised national security concerns, as military leaders encounter a high prevalence of obesity and other health problems in active-duty personnel and future recruits.

Conclusion

The U.S. health disadvantage began to emerge in the 1980s. Although this chapter focuses on the decline in life expectancy as a signal of that disadvantage, the contributors to that decline are powerfully important. Increases in disease (e.g., obesity and diabetes) and substance misuse, which exceed that of peer nations, and substantial disparities in the vital conditions of health (meaningful work, safe environment, quality education, and humane housing) constitute pathways to reduced participation in the labor force, poorer health, and early death. To improve the nation's health, wealth, and well-being, Americans must transform the disadvantaged communities in which too many live, grow, learn, work, and raise families. As demonstrated in the next chapter, health happens in communities and is largely driven by conditions outside the healthcare system that compromise health, limit opportunity, and shorten life. Children pay a particularly high price for these poor conditions, and today's children are tomorrow's workers and national leaders. They are the next generation of teachers, doctors, business leaders, and military personnel. If the U.S. health disadvantage of today is not fixed, by strengthening communities and expanding opportunities, then the future population—and workforce—will almost certainly be burdened with greater sickness, lower productivity, higher costs, and shorter lives. The U.S. health disadvantage is a threat to the business community and the national economy.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 1. The tools and resources were created by such businesses and organizations as John Hancock Insurance Company, Organisation of Economic Cooperation and Development, The Kresge Foundation, and others.

BELDEN INC.
Pathways to Employment

Community Challenge |

The staggering levels of drug addiction in local communities across the United States has caused more than a health crisis. The economic impact of treating drug addiction is a burden on families and businesses. For those addicted, the ability to keep a job is difficult and gets harder over time, and those who manage to hold a job are less productive. For Belden, Inc. (Belden) something had to change.

Scenario |

Belden has been a member of the Richmond, Indiana, community since 1928. As the second largest employer in Wayne County and a global leader in specialty networking solutions, Belden is a respected American company and proud of its safety record and strong workforce. Belden requires all job applicants have a drug-free background and pass drug screening. If hired, employees must continue to be drug-free.

Belden employed more than 500 people at its Richmond plant. Nearly one-third of these employees were set to retire within 5 years. At the same time, the labor pool for manufacturing workers was declining, just as customer demand was increasing. Where would the new hires come from?

Action Taken |

Despite an influx of applications, many potential employees were turned away. "We found the pre-employment drug screen failure rate was steadily increasing—between 10 to 15%," said Paul Mottershead, vice president Corporate Communications. According to Mottershead, when the data were presented to Belden's Board of Directors, one member asked Chief Executive Officer John Stroup: "If you're not going to do something about this, who is?"

With support from top leadership, Belden convened a team to work with community partners to address the drug use problem among its applicant pool. "We are not a healthcare expert and needed to rely on the expertise of [others] to develop, implement, and evolve [a] program," Mottershead said. Partners included Centerstone Indiana, Meridian Health Services, Ivy Tech Community College, Manpower Richmond, and addiction specialist Dr. Mitch Rosenthal. Together, they built the Pathways to Employment Program, which launched as a pilot in February 2018 and provides 18 months of support to applicants who are hired by Belden.

Through the program, Belden offers rehabilitation *and* a job to applicants who fail the pre-employment drug test but agree to enter the program. In the program, a healthcare provider assesses employees and places them into one of two groups—low risk or high risk for substance use disorder. From there, employees receive personalized, evidence-based rehabilitation treatment, during which they work in such positions as cleaning, inventory, and other roles that do not pose a risk to their safety or the safety of others. Drug tests are conducted almost weekly for the first 8–16 weeks. Employees must remain drug-free to work in higher risk positions, like a machine operator. Employees who fail a drug test are released and provided with community resources to help them with substance misuse. However, if employees are forthright about a relapse before failing a test, they get a second chance.

By 2019, 34 employees had entered the program—12 were in machine operating roles, 12 left the program, and 10 were in lower risk roles. The program costs an average of $6,000 per low-risk employee and as much as $26,000 per high-risk employee. The program is also available to current employees who are seeking help with addiction problems. Based on the positive response, Belden developed a blueprint for other organizations to develop similar programs and began offering the program in 2020 at two other U.S. facilities.

Key Takeaway | Belden needed to hire people to produce products to meet business demands and the expectations of shareholders. All groups—business, government, and the healthcare system—worked together to address the need. Having a job is a critical part of maintaining a drug-free lifestyle; filling a job is critical to business success. Belden helped with both and is sharing its learnings with other companies, organizations, and communities.



CHAPTER 2.

How Neighborhoods Shape Health and Opportunity

OVERVIEW

The health of Americans is shaped in neighborhoods and communities outside the healthcare system. This chapter highlights the relationship between health and the communities where people live, grow, learn, work, and age. It presents examples of how public policies and vital conditions—like affordable housing, quality education, and meaningful work—create thriving communities for children and families. Mobilizing resources and investments to create high-opportunity neighborhoods is a winning strategy to fix the U.S. health disadvantage.

KEY TAKEAWAYS

- Low-opportunity neighborhoods are plentiful across the United States and are often found in proximity to high-opportunity neighborhoods.
- Low-opportunity neighborhoods lack the vital conditions necessary for health, wealth, and well-being, and they diminish the life chances of the people who live in them, particularly children.
  - Compared with children in higher opportunity neighborhoods, children in lower opportunity neighborhoods attend preschool and graduate from high school at lower rates, have fewer green spaces, experience more days of extreme heat, and are more likely to lack health insurance and to live in homes with incomes below the federal poverty level.
  - Across the United States, differences in life expectancy between high- and low-opportunity neighborhoods can be as high as 25 years.
- Lack of educational opportunities (from early child development to higher education) and lack of economic opportunities (jobs, job skills, career pathways, and family-sustaining incomes) contribute to the U.S. health disadvantage.
- The intertwined health and economic disadvantages are substantial for business and society.

A Tale of Two Communities

Imagine a community where children have access to a high-quality preschool. When these young children get older, they attend excellent schools in their neighborhood.[5] Student achievement in reading and math is high in these schools, and superb high school graduation and college enrollment rates signal to youth that education is valued and attainable. The community is home to community centers, parks, and green spaces and offers easy access to healthy food retailers and other resources, such as banks and childcare. The community also enjoys an environment with low levels of pollution, high rates of employment and civic engagement, and low rates of poverty and crime. Parents of these children enjoy good jobs and short commute times to work. Communities with these characteristics are known as high-opportunity neighborhoods.

[5] The terms *neighborhood* and *community* are used interchangeably in this report.

Compared with families living in lower opportunity communities, families living in high-opportunity neighborhoods have more economic resources and reap significant, but often underappreciated, benefits, such as being able to spend more time raising children and less time commuting to work or working multiple jobs. An advantaged community is not defined only by the above features, but many would agree that such a community offers enhanced opportunities for children to grow and develop into healthy and productive adults. Many high-opportunity neighborhoods exist in the United States, and many children grow up and thrive in these types of communities.

However, many communities across the country look different. If preschools exist, they are poor quality. Student achievement in neighborhood schools is low, and norms and expectations about high school graduation and college attendance are weak. Green spaces and healthy food retailers may not exist or may be rare, and levels of environmental pollution are high. Employment options are few, transportation is unreliable, and the rates of crime and poverty are high. Communities with these characteristics are known as low-opportunity neighborhoods. Children who grow up in low-opportunity neighborhoods often face more challenges than their peers who grow up in high-opportunity neighborhoods. As a result, these children can grow into less healthy, less educated adults.

These descriptions match two actual neighborhoods that are adjacent to each other in a U.S. metropolitan area (see Box 2.1). The differences in the opportunities available to children in these two communities play out in many neighborhoods across the nation, and these differences have serious consequences for the abilities of children to achieve their full potential. Health and life expectancy differences between low-and high-opportunity neighborhoods—even those in close proximity to each other—are stark.

Healthy community environments are essential to support the development of human capital. Such environments contribute to a productive workforce and strong local markets.

Neighborhood, as an environment, provides a critical context in which children can develop in healthy ways, and it influences the life chances of children as they grow into adults. The family environment imparts another strong influence on the development of children, but families function in a context established by a community's ability (or not) to provide resources and conditions that shape health. Healthy community environments are essential to support the development of human capital. Such environments contribute to a productive workforce and strong local markets.

BOX 2.1: A TALE OF TWO REAL COMMUNITIES LESS THAN 3 MILES APART (REPRESENTATIVE OF MYRIAD SIMILAR COMMUNITIES ACROSS THE UNITED STATES)

Neighborhood A (high opportunity)

With two high-quality early childhood education centers nearby, children in Neighborhood A get a jumpstart on the education ladder. Nearly two-thirds of 3- to 4-year-olds attend preschool. Math proficiency is almost universal (95%) among fourth graders. Four of every five adults 25 years of age and older have a college degree. A community rich in highly educated adults may increase expectations among children for their own education and work prospects and may positively influence their attitudes and actions about college attendance.

With so many highly educated adults, the neighborhood's unemployment rate in 2019 (3.8%) is less than half that of the entire metropolitan area (9.8%). and the poverty rate (9.6%) falls considerably below the average (17.1%) for the metropolitan area.

The neighborhood also hosts a variety of healthy resources. For example, several parks and green spaces offer areas in which children can engage in physical activities, which may reduce the chances of obesity and associated health problems. Most of the neighborhood's food establishments are considered healthy food retailers, which increases access to proper nutrition. Healthcare facilities are plentiful and close by. In fact, 178 healthcare facilities are located within 2 miles of Neighborhood A, making it closer in proximity to healthcare resources than 94% of all neighborhoods in the metropolitan area. This proximity to healthcare providers likely reduces travel times for people seeking healthcare, which in turn yields greater utilization of routine healthcare services and lower utilization of emergency room care.

Neighborhood B (low opportunity)

Children in Neighborhood B face a host of obstacles to opportunities and well-being. Only 9% of 3- to 4-year-olds attend preschool, and not one high-quality early childhood education center is nearby. By fourth grade, almost two-thirds of students are not proficient in math, limiting their future math achievement and their subsequent college attendance and labor wages. Among adults 25 years of age and older, only one in five have earned a college degree.

Low levels of education are accompanied by high levels of unemployment and poverty. One-third of adults are unemployed, which may affect youth's expectations of their own employment prospects and result in weaker networks of employed adults who can help young people find jobs. Nearly 60% of residents live below the poverty line, and 92% of students are eligible for free or reduced-price lunch at school. Such concentrated poverty in neighborhoods and schools is associated with poor physical and mental health, as well as low student graduation rates and future earnings.

The physical conditions and resources in Neighborhood B pose further challenges. A staggering 23% of housing units are vacant. High rates of housing vacancy are positively associated with increased crime, risk of fire, and drug use. Housing vacancy also increases property maintenance and decreases home values in nearby areas, thereby reducing household wealth overall.

Food establishments in Neighborhood B are not considered healthy food retailers, which is a source of concern because lack of access to healthy food is associated with health problems and obesity in children. Further, the availability of nearby healthcare facilities ranks in the lowest 25% of all neighborhoods in the metropolitan area.

How Communities Affect Health

The striking contrast between the two communities described in Box 2.1 is a powerful example of the large differences in conditions that promote health across the country, differences that sometimes exist between neighborhoods that are next to each other. Neighborhood features influence health and well-being through biologic and social mechanisms. For example, high levels of pollution may lead to a higher prevalence of childhood asthma, and high levels of crime or disrepair may increase the risk of physical injury and personal stress. On the other hand, the presence of healthy food retailers gives opportunities for residents to consume healthier foods, and green spaces provide opportunities for residents to engage in physical activities and to achieve a greater sense of well-being.

Social and environmental conditions in the neighborhoods in which children live and grow shape their health and affect their life chances. Although families certainly go beyond their neighborhoods to find resources and amenities, their immediate living environment is a powerful influence on children's prospects in adulthood. Children who grow up in high-opportunity neighborhoods, like Neighborhood A in Box 2.1, have better chances of living long, healthy, and productive lives as a result of specific characteristics, such as better schools, positive social networks, safer environments, and less exposure to adverse behaviors. Supportive institutions, such as high-quality early education centers, positively influence child development and parents' abilities to work and their stress levels and parenting behaviors. Children's access to good schools can influence their decisions about the future, such as choosing to pursue higher education and working hard to attain that goal. Social networks, social cohesion, and social control affect health indirectly by influencing social factors that affect health. For instance, peer influences and role models affect youth development and outcomes later in life related to education, employment, and income. Absence of these features diminishes life chances for children who grow up in neighborhoods like Neighborhood B in Box 2.1. Children, families, and neighborhoods win or lose depending on the resources and conditions around them in the community. Society at large and government and businesses also win or lose as access to nearby resources fosters or diminishes opportunities for human potential.

The community level is not immune from outside influences. For instance, economic forces (e.g., regional housing and labor markets) and federal, state, and local policies (e.g., land use zoning, public school funding) that operate above the community level ultimately shape the community's infrastructure and resources. The history of redlining illustrates the potent impact that decisions by public and private actors can have on community investment or disinvestment, and thus on community resources and characteristics (Box 2.2).

BOX 2.2: WHAT WAS REDLINING?

Redlining was a broad and far-reaching legal discriminatory practice that led to negative and long-lasting decisions to underinvest in minority communities. Communities that were redlined experienced decades of disinvestment and neglect. In 1933, in order to avert housing foreclosures during the Great Depression, Congress created the Home Owners' Loan Corporation (HOLC) to refinance mortgages that were in default. In 1935, to develop a national mortgage lending market, which had previously been based entirely on local knowledge and relationships, the Federal Home Loan Bank Board asked HOLC to create "residential security maps" in 239 cities.

The maps indicated various levels of security for real-estate investments. These maps had a large influence on the level of investment in communities. Different colors on the maps reflected the estimated level of risk of making loans in those neighborhoods. Areas colored yellow were characterized by "obsolescence and infiltration of lower grade population," and areas colored red were considered "hazardous" and described by HOLC as "characterized by detrimental influences to a pronounced degree, undesirable population, or an infiltration of it." HOLC recommended lenders either not make loans in these areas or grant loans on a very conservative basis. Notably, the risk level of an area closely mirrored the racial composition of its residents, as neighborhoods with predominantly minority, immigrant, or mixed populations universally received higher risk scores. For example, the inhabitants of a "hazardous" D-rated neighborhood in Brooklyn, New York, (colored red in the map) were listed as clerks and laborers with 30% foreign-born of Jewish-Irish predominance. Clarifying remarks about the map stated, "Colored infiltration is a definitely adverse influence on neighborhood desirability although Negroes will buy properties at fair prices and usually rent rooms." As a result, these scores and descriptions strongly reinforced disinvestment in such communities.

Current geographic patterns of concentrated disadvantage and prevalence of health problems closely follow the redlining maps of the past. Communities that were redlined in the 1930s share many of the same traits as neighborhoods like Neighborhood B around the country today (and would benefit from investment attention).

Today, on average, formerly redlined areas are 28% Black, and 8% of African-Americans live in formerly redlined neighborhoods. Thus, addressing the needs of only the formerly redlined neighborhoods would likely miss many of the people who most directly experienced the decades of disinvestment. Tackling place-based inequities is only one facet of tackling race-based inequities. Finally, many rural and smaller communities (including some that have grown tremendously since the 1930s) were not included in the HOLC maps. Although redlining—based on those HOLC maps—is an important part of the history of neighborhood disinvestment, it is not the whole story.

Redlining is just one example of the serious consequences that policy decisions have on the well-being of communities. Concentrating investments (by businesses and employers, community development corporations, large investment firms, and others) in low-opportunity neighborhoods can help to reverse the long-standing history of discrimination and disinvestment and the resulting economic and health disparities found in low-opportunity neighborhoods. Such investment, this report argues, will improve neighborhood conditions; increase opportunities; and strengthen health, wealth, and well-being for residents and communities.

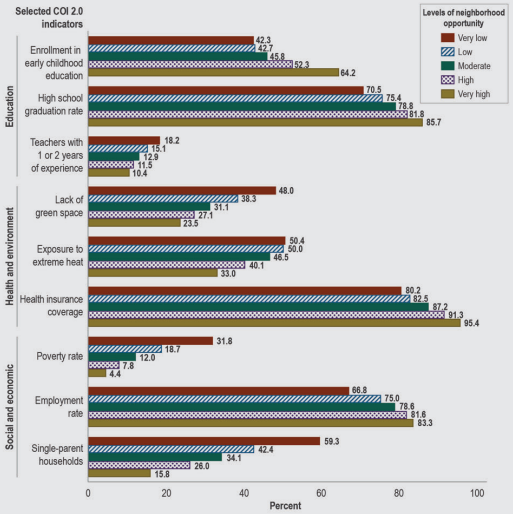
How Health Differs Across Communities

Neighborhood A and Neighborhood B, as detailed in Box 2.1, represent two extremes of the considerable variability in resources and conditions available for healthy living in the United States. These extremes—as well as conditions in the middle—exist in virtually every U.S. city, metropolitan area, suburban area, and rural area. An examination of this variation provides insight into the experiences of people living in different communities and into the costs to society of community environments that do not support healthy living.

One approach to quantifying the enormous variation is the Child Opportunity Index (COI) 2.0, a composite measure of child neighborhood opportunity for virtually all U.S. census tracts including urban, suburban, and rural areas. COI 2.0 combines information on 29 indicators in three domains: Education, Health and Environment, and Social and Economic. The COI was created after ranking all 72,000 neighborhoods in the United States. The neighborhoods were divided into five levels of child neighborhood opportunity: very low, low, moderate, high, and very high.

Figure 2.1 shows selected indicators for children by level of child neighborhood opportunity. The intertwined health and economic disadvantages facing children who grow up in neighborhoods like Neighborhood B across the country are indeed severe.

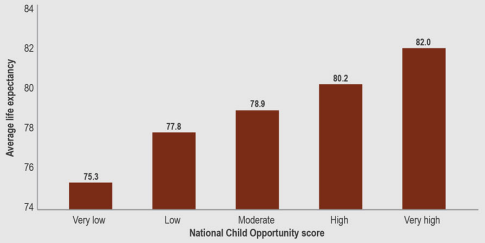
Figure 2.1 Features of neighborhood opportunity for the average child based on selected COI 2.0 indicators for the 100-largest U.S. metropolitan areas



Note: **COI =** Child Opportunity Index.

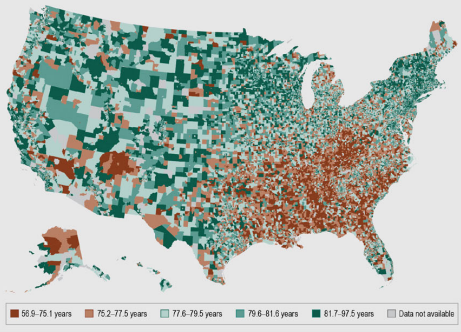
Health and life prospects also differ substantially between residents of very-low and very-high-opportunity neighborhoods. Across the 100-largest U.S. metropolitan areas, life expectancy differs by 7 years between residents in very-low- and very-high-opportunity neighborhoods (75 vs. 82 years life expectancy) (Figure 2.2). Throughout the United States, differences in life expectancy across census tracts, which in some cases are just a few miles apart, can be as high as 25 years (Figure 2.3).

Figure 2.2 Child neighborhood opportunity level and average life expectancy at birth in the 100-largest U.S. metropolitan areas



Notes: Life expectancy is the average number of years a person can expect to live at birth for individuals born in a given neighborhood (Census tract) for the years 2010–2015. Each neighborhood is assigned to one of five opportunity levels (very low, low, moderate, high, or very high) based on its CCI 2.0 score. Each opportunity level contains 20% of the U.S. child population. Average life expectancy at birth was calculated across all Census tracts with the same opportunity level weighted by the population of children 0–17 years of age in each tract.

Figure 2.3 Life expectancy at birth for U.S. Census Tracts, 2010–2015



Implications of Health Inequities for Communities

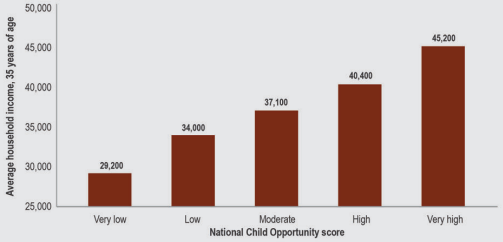
Where people live profoundly shapes their health, opportunities, and longevity. Nearly 10 million children live in very-low-opportunity neighborhoods within the 100-largest U.S. metropolitan areas. The majority of African American (66%) and Hispanic (59%) children live in very-low- or low-opportunity neighborhoods. Conversely, the majority of non-Hispanic White (66%) and Asian (62%) children live in high- or very-high-opportunity neighborhoods, reinforcing racial/ethnic differences in health outcomes and economic opportunities (calculations are based on data from the COI 2.0).

The costs of highly unequal access to neighborhood opportunity include reduced human capital, reduced economic productivity, lower educational achievement, less participation in the labor force, and lower potential for higher incomes as adults.

The costs of highly unequal access to neighborhood opportunity include reduced human capital, reduced economic productivity, lower educational achievement, less participation in the labor force, and lower potential for higher incomes as adults. Disparities in educational achievement are linked directly to levels of child neighborhood opportunity. Children with similar family structures, family incomes, and levels of parental education are more likely to drop out of high school and to have a teenage pregnancy if they grow up in high- versus low-poverty neighborhoods. Access to neighborhood opportunity also affects a person's ability to climb the socioeconomic ladder. Socioeconomic mobility refers to the place in the household income distribution that people attain as adults compared with the place in the income distribution that their parents attained. A child growing up in a home at the 25th percentile of parent income in a low-opportunity neighborhood will likely have an annual income at 35 years of age that is $17,000 less than the income of a child who grew up with similar family characteristics but in a high-opportunity neighborhood ($29,000 vs. $46,000 annual income, in 2019 dollars, representing a 37% reduction in annual earnings, with associated implications for consumption of goods and services) (Figure 2.4).

Socioeconomic mobility in the United States has declined steadily. The proportion of children earning more than their parents fell from 90% for children born around 1940 to 50% for children born around 1980. Restoring economic opportunity for more Americans would result in an increase in those with higher incomes and in higher standards of living, more consumption, and more social cohesion—all of which have enormous implications for economic prosperity. Improving neighborhood opportunity may be a promising strategy for promoting socioeconomic mobility.

Figure 2.4 Child neighborhood opportunity level and socioeconomic mobility by adult household income (U.S. dollars) at 35 years of age among children growing up in households at the 25th percentile of the parent income distribution in the 100-largest U.S. metropolitan areas



Notes: Average household income (2019 U.S. $) captures the household incomes of 35-year-old persons born between 1978 and 1983 with parents at the 25th percentile of the parent income distribution. Average household income is measured at the census tract level and is based on information of the individual's place of residence during childhood and adolescence. The underlying data are published as average ranks in the household income distribution at 35 years of age, which was cross-walked by the Opportunity Atlas team to the minimum income (in U.S. $) at each rank. Child neighborhood opportunity levels, measured in 2015, are based on the COI 2.0, a composite index of neighborhood opportunity for virtually all U.S. census tracts. Each neighborhood is assigned to one of five opportunity levels (very low, low, moderate, high, or very high) based on their COI 2.0 score. Each level contains 20% of the child population. Average household income was calculated at 35 years of age by averaging household incomes (in U.S. $) across all census tracts with the same opportunity level using as weights the population of children 0–17 years of age in each census tract. **COI** = Child Opportunity Index.

Summary

The health and social costs of living in a low-opportunity neighborhood radiate throughout the economy, reducing labor force productivity and availability and limiting consumption. Smart investments by leaders and decisionmakers at the federal, state, and local levels and by businesses and investors hold significant potential for enabling more children to thrive and become healthy and productive adults by both improving conditions in low-opportunity neighborhoods and creating real options for individuals and families who dream of moving to higher opportunity neighborhoods. (Chapter 4 describes examples of such community investment

and introduces the community actors who facilitate such investments.) The payoff of creating or improving access to higher neighborhood opportunity accrues to children and can improve their life prospects as adults, and accrues to society as a whole in the form of improved health status, lower healthcare costs, higher productivity, and greater economic mobility.

Accomplishing these gains will require addressing vast inequities across neighborhoods and investing in the broader conditions of the everyday lives of Americans. Chapter 3 argues why it is part of the purpose of business to do so, while Chapter 4 sets out options for investing in communities for business leaders to consider.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 2. The tools and resources were created by such businesses and organizations as Aspen Institute, Child Welfare Information Gateway, U.S. Economic Development Administration, and others.

PARTNERSHIP FOR THE BAY'S FUTURE
A High-Impact Model for Investment

Community Challenge | Because of the success of the Bay Area of Northern California as a hub of technological innovation, land and housing costs have risen substantially in Silicon Valley. There, two breadwinners working full-time at $15 an hour—or $62,000 a year, which is close to the U.S. median household income—can afford to live in only 5% of Bay Area neighborhoods. This situation strains the health and well-being of lower- and middle-income families; major employers, including the "tech giants," also feel the pressure. These employers recognize that their operations require a diverse labor market (e.g., maintenance technicians, administrative assistants, food-service workers) and that a community becomes unlivable for everyone when it cannot provide quality affordable housing for teachers, first responders, nursing assistants, transit operators, and others. Because the Bay Area expects nearly 1 million new jobs in the next 20 years, quality affordable housing for people from a variety of incomes is essential to continued growth.

Action Taken | Partnership for the Bay's Future is a novel collaborative that addresses these concerns, beginning with the urgent need for housing. The partnership includes local tech companies Facebook and Genentech, the managed care organization Kaiser Permanente, financial services giant JPMorgan Chase, as well as the San Francisco Foundation, the Ford Foundation, Local Initiatives Support Corporation, and others. With a combination of equity and loans, the partners have capitalized a new investment fund of more than $300 million, which is attracting additional fund investors with competitive returns.

The goal is to pool $500 million and, through a variety of new financing products, invest those funds across five Bay Area counties to preserve existing and build new affordable homes, help middle-income workers with housing costs, and fast-track the process of providing safe and stable homes to those experiencing homelessness in the Bay Area.

The fund offers small- and medium-sized community development corporations lines of longer term credit typically available only to large developers. The fund's first transaction offered a revolving line of credit that helped the East Bay Asian Local Development Corporation, a community development corporation with deep roots in the community, quickly buy property for six projects over 5 years.

Key Takeaway | The Partnership for the Bay's Future illustrates the enormous promise of investment partnerships among public, private, and nonprofit stakeholders. Investment partners need not become developers or housing finance experts. Instead, community development financial institutions bring the infrastructure and know-how to manage the complex investment fund and connect with longtime Bay Area partners to ensure projects reflect the priorities of residents and community leaders. The Partnership also includes a regional policy component where interested businesses bring their power to advocate and to convene stakeholders in the public, private, and nonprofit sectors across municipal boundaries. Their common cause: The need for tens of thousands of preserved, expanded, and newly built affordable homes—the very foundation of health and economic vitality for individuals, families, and communities. While this progress represents only a tiny fraction of the Bay Area's housing need, the Partnership for the Bay's Future is a potential model for corporations and organizations nationwide to preserve and expand affordable housing. Wherever the availability of quality affordable housing is limited, such partnerships can address that lack of availability and be a first, critical step toward enhancing community health and economic prosperity.

Investments to create a robust business environment can powerfully improve the health and well-being of communities and strengthen business opportunities. Likewise, initiatives aiming to improve health can meaningfully contribute to a vibrant local business ecosystem. However, this synergy exposes a lesson and aspiration: Investors, philanthropists, public sector leaders, and communities must work together to realize the greatest return from their investments. Time spent stewarding these collaborations—including aligning goals and establishing mechanisms for coordination and accountability—will yield dividends in the form of stronger and more resilient businesses and communities.


CHAPTER 3.
The Meaning, Purpose, and Opportunity of Business in 21st Century America
OVERVIEW
Perceptions and expectations of businesses in America constantly evolve. This chapter explores new opportunities for engagement by business in society. Theories of management that address societal issues are examined throughout the chapter, which lists five actions that businesses can take to begin to support healthier communities.

KEY TAKEAWAYS

- Business is a force for good in American society and around the world. Business and society are mutually dependent and best thrive together.
- The growth in transparency, the increase in interdependence and mutuality, and the public's attention to values pose potential threats and opportunities to a business's reputation, brand, and long-term success.
- Businesses are looking harder at these threats and opportunities and increasingly choosing to align business values, policies, investments, and actions with the expectations of consumers and the public.
- Stakeholder theory provides a framework for this alignment. According to stakeholder theory, businesses exist to create value for the groups who make the business "a going concern"—that is, groups that are part of the cooperative scheme that allows a firm to come into being and to be successful over time.
- Stakeholder firms are those that have implemented the principles of stakeholder theory. These firms tend to achieve better business outcomes, including greater innovation and higher profits.

Introduction

Business has been, on balance, a force for good in American society and around the world. Business produces wealth, creates value, provides jobs, pays taxes, offers goods and services, and brings innovation to the marketplace. Business in the United States also reflects American values. To succeed, business depends on the rule of law; respect for individual and property rights; and a government that enforces the law, builds and maintains infrastructure, and strengthens and defends the common good. Of particular importance for business are property rights, the freedom of individuals to negotiate the terms of doing business,

> *"[W]hat improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable."*
>
> —Adam Smith

and the understanding that a government's regulation of commerce is limited and fair. Business also encapsulates a uniquely American idea of the "self-made" individual in a "land of opportunity" who rises from humble beginnings through hard work, new ideas, and good business sense to become a prosperous and generous citizen. In short, the story of business in the United States is about more than just wealth—it embodies and perpetuates values that form the core of the American identity.

The story of business in the United States is about more than just wealth—it embodies and perpetuates values that form the core of the American identity.

At the same time, the role of business in society can be contentious. Some business practices have caused (and continue to cause) harm to both business and society, as harmful products are brought to market, and damaging production processes contaminate air, land, and water and harm the environment. The interdependence between business and society has not been fully recognized or embraced. Today, the United States is emerging from several decades during which, for some business leaders, the priority principle for corporations was "shareholder primacy." This principle asserts that the core—and perhaps sole—responsibility of business is to maximize profits for shareholders.

Increases in returns to shareholders have not been the rising tide to lift all boats, as once expected. From the 1970s to the early 21st century, income inequality increased in the United States as real incomes for employees stagnated. Some of these trends were facilitated by (or occurred despite) government regulation or deregulation. For example, Fortin and Lemieux analyzed the role of three systemic changes—the decline in the real value of the minimum wage, deunionization, and economic deregulation—on the rise in wage inequality in the United States during the 1980s. They found that about one-third of the increase in wage inequality (for both men and women) can be traced to these system-level changes. These kinds of developments in the United States, along with the widening gap in pay between company leaders and managers and lower-level workers, have caused people to question business-as-usual. In turn, corporations have begun to respond to inside questions and outside pressures and to recognize that their success also depends on engaging all those upon whom the company's success depends, measuring their quarterly earnings and financial risk and also their impact on society.

> *"[T]here is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud"*
>
> —Milton Friedman

A "reversal of fortune" among working Americans is one of many factors at play in the current shift of attitudes and expectations toward corporations in society. The reversal of fortune refers to the adversities—such as a diminished quality of life, environmental impact, and poor health—that are changing the way people think about business and companies think about conducting business in the 21st century. Many businesses have begun to reevaluate their role in society and see opportunities in becoming partners in creating healthy, inclusive, and prosperous communities. Many U.S. communities are facing threats to their health (as described in Chapters 1 and 2) and future from addiction, loneliness, chronic illness, incarceration, gun violence, and more. In public health terms, these issues stem from the fact that for many people living in America today, vital conditions—like housing, education, income, and transportation—are not being met (Box 1.1a, Box 1.1b, and Box 3.1), for example, in low-opportunity neighborhoods (as described in Chapter 2). While some Americans have never been wealthier and healthier, others live in distressed communities with little opportunity and feel a loss of hope when they look toward the future. As depicted in Figure 3.1, the gap in wealth between high-, middle-, and low-income families has increased substantially since the 1980s.

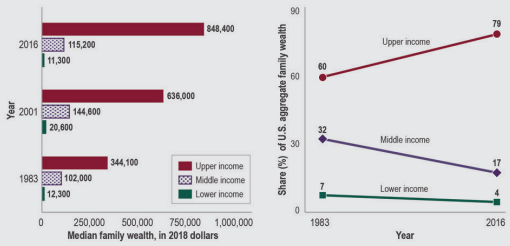
Many businesses have begun to reevaluate their role in society and see opportunities in becoming partners in creating healthy, inclusive, and prosperous communities.

BOX 3.1: THE SEVEN VITAL CONDITIONS

1. Basic requirements for health and safety
2. Continuous learning, education, and literacy
3. Rewarding work, careers, and standards of living
4. Humane, consistent housing
5. Thriving environment
6. Reliable, safe, and accessible transportation
7. Belonging and civic muscle (also see Chapter 1, Box 1.1)

More recently, the recognition that business and society are mutually dependent and best thrive together has generated new ideas about the meaning, purpose, and responsibility of business. Ideas such as conscious capitalism, creative capitalism, stakeholder capitalism, capitalism 2.0, corporate social responsibility, shared value, community investing, and social entrepreneurship have increased expectations—on the part of businesses, investors, consumers, and employees, among others—that businesses will "do well by doing good." Both scholarly and practical voices have encouraged mutualism between businesses and the communities in which they operate.

Figure 3.1 Gaps in wealth among upper, middle, and lower income families



Note: Families were assigned to income tiers based on their size-adjusted incomes.

In addition, businesses are being asked to take responsibility for the consequences of their actions and to engage valuable stakeholders in their communities, all while maximizing value for the various stakeholders they serve. These multiple stakeholders include customers and consumers, employees and contractors, vendors and suppliers, neighborhoods and communities, and shareholders and investors. The new expectations have grown out of the recognition of the interdependence between business and society, and a greater availability of information on how businesses operate in the United States and abroad. Consumers and the public have unprecedented access to information about working conditions, hiring practices, environmental impacts, salary and wage structures, and much more. Especially after the global financial crisis of 2008, and particularly among younger consumers and employees, there is a growing focus on values and purpose in business. Business has almost always been about purpose, but consumers,

> *"Companies that fulfill their purpose and responsibilities to stakeholders reap rewards over the long-term. Companies that ignore them stumble and fail. This dynamic is becoming increasingly apparent as the public holds companies to more exacting standards. And it will continue to accelerate as millennials—who today represent 35 percent of the workforce—express new expectations of the companies they work for, buy from, and invest in."*
>
> —Larry Fink

employees, and the public now are more likely to demand that the values of business align with their own values, and based on that alignment will make decisions about the companies they buy from, work for, and invest in. Employees, consumers, and the public are asking businesses to take into account the best interests of a variety of stakeholders and to create value for society as well as for business.

The American Narrative on Business

Americans have a complex relationship with business and offer several critiques. First, they have long accused businesses of practicing greed. As the narrative goes, some business leaders think only about how their choices benefit themselves (i.e., their financial self-interest) and disregard any harm passed on to others or society. These businesses fail to recognize their dependence on society and its goods and services (such as educated employees, consumers with disposable incomes, and legal systems and protections). Americans have deep reservations about the size, scope, and influence of large, multi-unit firms. For example, a Gallup poll found a majority (63%) of U.S. adults is dissatisfied with the size and influence of major corporations, consistent with other Gallup findings in recent decades. A different Gallup poll showed that 70% of Americans have "a great deal" or "quite a lot" of confidence in small businesses, compared with 21% having confidence in large businesses. These differences are driven by a sense that leaders of large corporations have outsize influence over political processes, are accumulating greater wealth at the expense of wages, are relatively less accountable to the communities in which they operate, and are less likely to create local jobs.

Business operations are often tied to an array of negative externalities, for example, excessive consumption of resources, pollution, deskilled workers, and the creation of unhealthy levels of dependence on particular products and resources. In places where regulations are weak (e.g., minimal environmental protections), businesses may easily reap rewards while leaving significant harms or costs for communities to bear (e.g., contaminated water or soil) with little or no compensation for the externalities. For some stakeholders, the harms created by a given firm may well outweigh the benefits.

In addition to greed and negative externalities, critiques of business also focus on income inequality and lack of economic opportunity, which have been linked to unencumbered markets and government policies that favor business. Those who have power and resources, according to this critique, are more likely to benefit from successful (and even unsuccessful) businesses, while workers, mid-level managers, and even consumers, the public, and communities benefit less. These troubling trends have prompted many leaders—even strong pro-market leaders, including

Jamie Dimon, Warren Buffett, and Larry Fink—to question the sustainability of capitalism, if a more equitable distribution of benefits cannot be implemented. Even those who consider capitalism in the early 21st century to be stronger than ever recognize that the perception (if not the reality) of capitalism in crisis is due to, among other factors, an uneven distribution of gains, with many of the benefits of a thriving capitalism going to the wealthiest individuals.

Equality of economic opportunity is a deeper challenge. Independent of the amount of benefit (or value) produced, a big part of the story of capitalism in the United States is the idea of opportunity—that is, the ability of people to "have a shot," to improve their lot in life through hard work and creativity, and to become successful regardless of who they are or who they know or where they come from. The core of the American identity is based on social mobility (described in Chapter 2) and economic opportunity. Both are central to the notion of *the American dream*—that is, the notion that a person does not need to be well-born to have a chance to achieve or get ahead in this country. Although the values that support these sentiments are still alive and well and fueled by real-life success stories, the data increasingly suggest that the American dream is becoming harder to obtain for many Americans. In other wealthy nations, meanwhile, opportunities for economic advancement are greater than they are in the United States.

Reinventing Business

Amid this shifting context of American society, some businesses are striving to reinvent themselves and redefine their roles in society. The operations of today's firms, industries, and entire economies differ notably from those of the past. Three emerging dynamics are largely responsible for changes in the way companies operate their businesses: the growth of transparency, the increase in interdependence, and the focus on values.

First, people in today's world have unprecedented and instant access to information from around the globe. Online rating systems, consumer-produced videos, and anonymous blog posts have helped to create an environment that makes it difficult for firms to shield activities from consumers, employees, competitors, and the public—even in widely dispersed operations. Access extends to the practices in which businesses engage and the partners that they choose—even in operations conducted in remote parts of the world (e.g., use of child labor, corrupt practices, or environmental damage). In past decades, such practices would become public knowledge mainly through investigations by the media. But with the high-level of transparency in today's environment, these practices are being reported by people with firsthand knowledge. The rise of transparency has forced companies to be ready to face scrutiny—both at home and worldwide—for their practices and to feel the pressure of accountability.

Second, the recognition of interdependence and mutuality between business and society has increased with increasing healthcare costs, rising rates of obesity and addiction, and most graphically, with the coronavirus pandemic of 2020 that kept workers and customers at home and shuttered many businesses. Two similar themes are emerging in this context: (a) the recognition that the success of a business depends on the success of its stakeholders; and (b) the understanding that when the rewards of an enterprise are distributed among its participants, the enterprise is more likely to be compelling to those participants. This positive reciprocity increases the likelihood that the firm will be successful over time. Interdependence may be a simple relationship—a business creates a job, an employee produces value, and a consumer pays for that value. The recognition of the interdependence leads the company to share the profit when the employee produces exemplary value that consumers reward with purchases and loyalty. Mutuality is more purposeful and intentional and includes the creation of shared value and lasting benefits for those engaged. For example, a company chooses to locate in a particular community and create value for local residents (such as jobs, quality childcare, apprenticeships, and employment pathway programs). Local residents then reward the company with productivity and loyalty, allowing the company to efficiently produce a quality product and earn a robust profit (see Exemplar about Greyston Bakery). Interdependence and mutuality emphasize the relationship between business and society and encourage that relationship to be deeper and richer for the benefit of both society and business.

Third, consumers (and employees) are attentive to the values of a business, as discussed previously. Although ethics have always been integral to the operation of markets, people are becoming more concerned with how a company's values align with their own values. Based on current estimates, $1 of every $5 invested in equity markets undergoes some kind of values vetting, and interest in this kind of vetting is growing rapidly. Businesses have always been concerned about reputation and protective of their brands. Transparency, interdependence and mutuality, and values each pose potential threats and opportunities to a business's reputation and brand. Businesses are looking harder at these threats and opportunities and increasingly choosing to align values, policies, investments, and actions with the expectations of consumers and the public, while also solving business problems and meeting the needs of multiple stakeholders. Stakeholder theory provides a framework for understanding and implementing business strategies to effectively serve these needs.

Stakeholder Theory and Practice

New models of capitalism, particularly stakeholder theory, are taking hold that better fit today's trends and expectations of workers, consumers, and members of the public. These approaches support a richer notion of how business relates to stakeholders, including communities.

The concept of *stakeholders* in business emerged in the 1960s and 1970s and gained prominence in the 1980s and 1990s following initial publication in 1984 of *Strategic Management: A Stakeholder Approach* by R. Edward Freeman. Stakeholder theory argues that businesses will be in a stronger position to succeed if they take into account the needs and perspectives of *all* stakeholders, not *only* shareholders (who are one of several stakeholders). Just how many businesses and corporations adhere to a stakeholder approach is unknown. But extensive scholarship has been dedicated to understanding the business impact of engaging multiple stakeholders, and countless tools and resources have been developed to help businesses identify stakeholders and implement stakeholder engagement strategies. Even state legislatures took notice of stakeholder theory in the mid-1980s. Thirty-four states have enacted so-called "constituency" laws that explicitly give standing to core stakeholders (beyond shareholders) in important board-level business governance decisions.

Stakeholder theory begins with a simple premise: Businesses exist to create value for the groups who make the firm a "going concern"—that is, groups that are part of the cooperative scheme that allows a firm to come into being and be successful over time. In this view, core stakeholders include customers, suppliers, employees, the local community, and shareholders. Without the support and involvement of these stakeholders, the firm would not exist, and unless these stakeholders cooperate consistently and well, chances are the firm will not perform optimally. In return for their choice to engage with the firm, the company actively works to create value for each stakeholder, while simultaneously making all stakeholders better off.

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Profits (and shareholder returns for publicly traded companies) are vital to business success, and most businesses begin with a purpose beyond just making money. Stakeholder firms also have an animating purpose, something noble and inspiring that is essential to the form of value they create. This commitment to a purpose and to creating value for each stakeholder, the theory holds, makes stakeholder firms more successful and sustainable over time. A small but growing number of studies has demonstrated that firms that consistently implement a stakeholder approach tend to achieve better outcomes, including greater innovation and higher profits over time.

> *"The 18 publicly traded companies out of the 28 [identified as the "most conscious" based on stated purpose, generosity of compensation, quality of customer service, investment in their communities, and impact on the environment] outperformed the S&P 500 index by a factor of 10.5 over the years 1996–2011. And why . . . should that be a surprise? Conscious companies treat their stakeholders better. As a consequence, their suppliers are happier to do business with them. Employees are more engaged, productive, and likely to stay. These companies are more welcome in their communities and their customers are more satisfied and loyal. The most conscious companies give more, and they get more in return. The inescapable conclusion: it pays to care, widely and deeply."*
>
> —Tony Schwartz

In addition to financial rewards and stronger relationships with stakeholders, adopting a stakeholder approach offers potential benefits in the realm of trust, reciprocity, and understanding. For example, moral psychology research suggests that the logic of stakeholder theory helps to avoid many of the traps that are common to an exclusive focus on profits. For instance, although many people would like more money and more goods, most people care about fairness. Stakeholders who are treated fairly by a business are more likely to reciprocate. This dynamic is known as *positive reciprocity*, and when this dynamic is created across a firm and within stakeholder groups, it can create a virtuous cycle of benefits for business and society. Stakeholders can stop worrying about being taken advantage of and instead act in ways that make the firm and fellow stakeholders better off. On the other hand, the dynamic of *negative reciprocity* can deeply strain and erode the relationship between stakeholders and a firm. It can turn customers and suppliers away, for example, and prompt employees to underperform. A stakeholder approach helps firms to foster positive reciprocity and avoid negative reciprocity.

Firms are increasingly practicing stakeholder theory. They are

- Recognizing primary stakeholder interests as joint and (mostly) aligned with business interests;

- Emphasizing a purpose beyond (only) profits, while still caring about financial returns, and
- Investing in stakeholder relationships (e.g., with suppliers, employees, customers, and the local community) with an eye toward strengthening business returns.

A few firms that have embraced this approach (or at least adopted the language and logic of stakeholder theory) include Costco, Eastman Chemical, Google, Salesforce, Starbucks, Unilever, Vanguard, and others. Each of these companies has implemented specific management strategies and practices aligned with the practice of stakeholder theory.

Stakeholders who are treated fairly by a business are more likely to reciprocate.

Stakeholder theory offers a constructive view of business, a way of understanding and operating a business as an institution that exists to serve multiple groups in society and to create value for people and communities. Stakeholders are interdependent, and firms create value through dynamic cooperation with and among these groups. To be successful over time, businesses must nurture these relationships and find ways to create new forms of value so that all stakeholders in the value chain are better off. If this happens, stakeholders will choose to engage with the firm and work to see it succeed. Thus, the theory holds, while firms must care about profits and shareholders to succeed and thrive, they also should serve a larger purpose and recognize that the very foundation of their profits is the stakeholder relationships that enable businesses to generate value for society *and* for themselves.

In practice, the many stakeholders of a business, including shareholders, may not have the same interests (shareholders are stakeholders but not all stakeholders are shareholders; many companies have no shareholders).[6] Depending on the business, some interests of employees, customers, suppliers, and communities may align and some other interests may compete. The challenge for the business is to avoid tradeoffs among stakeholders and deploy strategies that keep all stakeholders engaged. While employees and suppliers (and sometime customers) may be tied to particular communities, shareholders tend to be physically, geographically, and socially separated from the needs and challenges of particular communities where businesses operate. Part of the challenge in getting those two entities to cooperate is being able to explain to shareholders how investments in communities are critical for making sure that the business can operate and thrive in the long term, even if the investment may not yield the best return on a stock price in the short term. More and more companies are taking this long-term view (Box 3.2), which was also encouraged in Business Roundtable's revised statement on the purpose of a corporation.

[6] Stakeholder theory applies primarily to publicly traded corporations, as a management strategy. But the theory also applies to any type of business or other organization, including government.

BOX 3.2: SODEXO'S STAKEHOLDER APPROACH

Since its founding in 1966, Sodexo has sought to create value for its multiple stakeholders, including customers, clients, employees, suppliers, communities, and shareholders. From its food services operations that serve private corporations, hospitals, healthcare facilities, schools, colleges and universities, senior living communities, sports and leisure venues, and government agencies to its facilities management, benefit and rewards, and home care operations, Sodexo strives to create value for all of its stakeholders and integrate actions that support health and wellbeing into the core of its business operations.

With its Better Tomorrow 2025 initiative, Sodexo considers environmental, social, and economic impacts as it establishes and implements its business goals, ensuring that Sodexo's growth benefits:

- Employees who work hard every day,
- Clients and suppliers who seek relationships based on shared value,
- Shareholders who want sustained long-term growth, and
- Tens of millions of people served by Sodexo everyday—that is, people who hold the business accountable for having a positive impact on the community.

Sodexo uses data to determine where to focus its efforts and to measure results. Sodexo has had public, measurable, and audited corporate responsibility goals since 2009.

Here are two examples of how Sodexo strives to offer healthy and nourishing lifestyle choices to every one of its consumers every day:

- In collaboration with the Partnership for a Healthier America, Sodexo implements Mindful by Sodexo, a healthy dining program, in 95% of its food service accounts, expanding healthier food choices in at least 25% of its hospitals, offering 17 million more free breakfast meals in primary and secondary schools, and increasing the selection of healthier, more nutritious options in its vending and K–12 lunch programs.
- Sodexo offers healthier children's meals at 40% of its food service accounts with American cultural destinations, such as aquariums, museums, ballparks, and other recreational facilities.

Sodexo also aims to source responsibly and provide management solutions that reduce its carbon emissions. The company focuses on four environmental actions: preventing food waste, promoting plant-based meal options, sourcing responsibly through local and short supply chains; and helping clients to reduce their emissions through better energy and waste management, for example:

- Nearly all Sodexo site managers, chefs, and kitchen staff implement initiatives to cut food waste. Sodexo's WasteWatch powered by Leanpath Program tracks food waste, monitors performance, and takes actions to drive reductions. The program captures data on daily food waste and measures pre- and post-consumer waste. In 2019, Sodexo avoided 584 tons of food waste at its sites, the equivalent of 3,689 metric tons of carbon dioxide.
- Sodexo is committed to increasing food purchased in its clients' communities from local producers and small businesses, contractually requiring its produce vendor partners to source local and seasonal foods whenever possible. Sodexo purchases more than 4 million gallons of locally sourced milk each year. In 2019, Sodexo spent $1 billion with small- and medium-sized enterprises in the United States.

For Sodexo, growing responsibly is about pursuing and tracking what it can do better, safer, healthier, and more sustainably for people and planet. It's about how Sodexo can improve as a corporate citizen, meeting the needs of and creating value for all its stakeholders.

Ties to Community Health, Wealth, and Well-Being

Challenging a simplistic, shareholder-centric view of business and adopting a stakeholder approach has important implications for community health, wealth, and well-being. Two themes make the connection: (1) creating value for stakeholders and (2) the interdependence and mutuality between business and society, including the interdependence among various stakeholders (including shareholders) and between each stakeholder and the business.

Stakeholders are people with a variety of needs, including access to clean air and water, nutritious food, safe work places and communities, green spaces, family-sustaining careers, education, and economic opportunity—all vital conditions (described in Chapter 1) that shape health, wealth, and well-being. Businesses investing in their employees, suppliers, and communities are already adding value in the form of jobs, income, health insurance (often), and goods and services of use to community members. Stakeholder firms demonstrate that businesses can go further (and get even more in return). Subsequent chapters in this report (Chapters 4 and 5) describe a variety of investments and strategies that businesses can deploy and of ways to partner to help solve some of the pressing community challenges that detract from health, wealth, and well-being—such as poverty, lack of education, lack of affordable housing, income inequality, and lack of economic opportunity. As businesses partner to raise the level of well-being in a community, they create greater business opportunities for themselves and more stakeholders to bring value to the business.

As businesses partner to raise the level of well-being in a community, they create greater business opportunities for themselves and more stakeholders to bring value to the business.

Moreover, stakeholders and businesses are interdependent and linked together in a larger ecosystem. Where people are healthy and the vital conditions for health are present, businesses have an easier time finding employees who will be productive, miss fewer days of work due to illness, and do more to contribute to the firm. Businesses in this environment also tend to find customers who are more likely to buy their products and investors who are more likely to want to buy their stock.

The Role of Business in Well-Being

Opportunities for businesses to join in creating thriving communities can be divided into three areas: (1) the well-being of people (employee and dependent benefits, workplace policies and environment, customer well-being), (2) the well-being of places (vital conditions of a community, access to opportunity, broader community systems), and (3) equity, ensuring resources are focused on those most in need and everyone has the opportunity to thrive.

Investing in the well-being of employees has long been the purview of business. From providing safe working conditions, health insurance coverage, and paid sick leave to offering workplace health promotion, wellness or well-being programs, family-sustaining compensation, paid maternity leave, and profit sharing, companies that offer these conditions and benefits have seen the value of investing in employees and their dependents. Businesses can continue to strive to ensure these conditions and benefits are met for all employees and dependents.

Companies investing in *place* is less common and occurs most often in communities in which company headquarters are located (see Perspectives From Business Leaders). Companies may establish partnerships to create pathways to employment; build physical infrastructure, including green spaces and grocery stores; and invest in quality education. Companies can continue to make these kinds of improvements and expand opportunities in the communities they serve.

The most advanced businesses invest in people and place with an eye toward improving the lives of those who are not thriving and creating conditions for all people to prosper by adding customized supports for those who are least likely to thrive. Such investments have the potential to improve the health, wealth, and well-being of employees, families and consumers, and future employees and consumers. Some companies are tackling health, wealth, and well-being more broadly—in the context of (a) people in the wider community they may not directly touch and (b) the vital conditions required for all people to thrive in the places in which businesses operate or serve (see, for example, the Exemplar about The Reinvestment Fund's Gem City Market).

These roles are aligned with the purpose and meaning of business. Businesses exist to

- Create sustained, long-term value for all stakeholders;
- Fulfill a larger purpose as a means of making money;
- Recognize the interdependencies between themselves and stakeholders; and
- Seek ways to contribute positively to communities and stakeholders.

Firms take these actions because they help the business succeed, consumers expect them to, and it is the right thing to do. Stakeholder firms see the connection between community health, wealth, and well-being and their own prosperity over time. They also seek ways to improve community health, especially where it is most clearly linked to their stakeholders and the prosperity of the firm.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 3. The tools and resources were created by such businesses and organizations as DePaul University, Fisher Investments, U.S. Department of Housing and Urban Development, and others.

HYATT HOTELS CORPORATION
An Opportunity Partnership



Community Challenge | Even before the coronavirus pandemic devastated the global economy in 2020, a high percentage of young adults (18- to 24-years of age) who were not in school were jobless. Being jobless at such a young age can set the stage for long-term unemployment or for taking fringe jobs that lack benefits or social security. Some young adults can become economically marginalized for the rest of their lives.



Scenario | It started at the top. Mark Hoplamazian, president and chief executive officer of Hyatt Hotels Corporation (Hyatt), saw the issue of young people being left out of the workforce and the economy as a primary driver of the widening skills, income, and wealth gaps. He believes that companies have a responsibility to help address such issues in the communities in which they operate.

Hyatt is a hospitality company that manages hotels and resorts. The company has a clear purpose—to care for people so they can be their best. "Our purpose of care applies to our colleagues, our guests, and our communities," said Audrey Williams-Lee, senior vice president of Human Resources and Philanthropy. "There is a growing wealth and skills gap, and our [chief executive officer] wanted us to focus on a signature philanthropic cause that both aligned with our values and supported our communities." Hyatt concluded that addressing the issue of unemployment among young adults who are not in school and not in the workforce (often called "Opportunity Youth") would accomplish that goal, providing a diverse employment pipeline to spur future growth at Hyatt and to support communities in which Hyatt is located.



Action Taken | Williams-Lee and her team conducted research and interviewed community organizations that worked with youth globally. Hyatt worked with Grads of Life to design the RiseHY program. Launched in 2018, the RiseHY program seeks to hire 10,000 young adults by 2025. In its first year, Hyatt and its hotels had hired more than 16% of its 10,000-hirings goal.

To facilitate the RiseHY program, Hyatt focuses on four areas:

- **Use a majority of the Hyatt Hotels Foundation's philanthropic giving to fund RiseHY.** "We were able to articulate very clearly who we were giving to," Williams-Lee said. "And why we were supporting certain organizations."
- **Develop a network of community organizations focused on training and supporting opportunity youth for job readiness.** The hospitality industry has an abundance of entry-level jobs. With such a network in place, Hyatt began to fill those positions with opportunity youth. Hyatt fosters a workplace where young people without prior experience can create a foundation for a life-long career, gain new skills, and advance in the organization.
- **Use technology to help with hiring.** For example, Hyatt uses a gamified tool (in 18 languages) to match the skills of young workers with the skills needed for potential hospitality roles. Hyatt also uses a virtual reality simulation to capture what life is like in a hotel. "This increases the quality of hires we bring into the program," Williams-Lee said. "And it helps young people who have never been in a hotel understand what it's like." To help applicants decide which job to apply for, the simulation describes the different roles and helps candidates understand the responsibilities of each role.
- **Work with community organizations to identify wraparound services.** Such services can support young people when they are placed in a role in the company, and help managers at Hyatt Hotels understand how to help opportunity youth succeed.

Key Takeaway | Without a job, and with little hope of finding one, the self-worth of out-of-school teenagers and young adults plummets. A lack of confidence quickly translates to being less employable. In the end, unemployed young adults hurt all communities. But opportunity abounds as businesses (a) become more aware of young adults as a potential talent pipeline and (b) foster roles in their organizations for these workers. Several factors are critical to the success of Hyatt's RiseHY program, including embracing a cause aligned with its purpose, the nature of the hospitality business, and locating its corporate philanthropy within the human resources department. This critical move ensures that corporate philanthropy and business success are aligned and reinforce each other. Together, these factors create opportunities for synergy between doing well and doing good.



CHAPTER 4. Bringing Opportunity to Communities Through Partnerships With Community Development and Community Finance

OVERVIEW

No single business or sector can create lasting change on its own. This chapter tells the story of community development and how it brings public, private, and nonprofit resources together to fight poverty and advance health. Numerous agencies and approaches that create opportunities and improve quality of life are explored, finding common ground and financial alignments that benefit everyone. Access to capital is the lifeblood of the U.S. economy, and financial resources are essential to the health of communities and the livelihood of families. This chapter gives special attention to community development financial institutions (CDFIs)—which are well positioned to address the lack of available capital, credit, and financing expertise in many communities—and describes "win-win" ventures, such as business investments in affordable housing and creatively financed projects that improve the health of employees and communities.



KEY TAKEAWAYS

- The need for a healthy, skilled labor force remains a top priority for individual businesses and the broader economy. People are more likely to be healthy and skilled and participate in the labor force when they grow up and live in thriving neighborhoods where the vital conditions are met.
- The human capital potential that could be unleashed if *every person* had access to thriving neighborhoods would be transformational for America's communities, businesses, and economy.
- Resource alignment for this transformational work is already underway in the field of community development, a mission-driven enterprise that fosters vibrant economic, social, and health conditions to increase opportunities for people with low incomes.
- Community development
  - Requires investments and partnerships across the public, private, and nonprofit sectors; and
  - Leverages public, private, and philanthropic investments to develop real estate, promote small businesses and entrepreneurs, and strengthen human capital.
- Businesses and other investors seeking careful, knowledgeable investors in underserved areas can partner with community development financial institutions to raise capital for specific community investments.
- The community assets that comprise the vital conditions for health, wealth, and well-being create an excellent environment for private enterprise. Strengthening these assets through community development enables employees to come to work prepared and engaged and promotes a thriving local network of businesses, suppliers, employees, colleagues, customers, and clients.
- Despite sizeable investments, the current scale of community development is not sufficient to address the many complex causes of poverty and the negative impacts of poverty on health, wealth, and well-being.
- New business models are needed to align the financial interests of those who benefit from a healthier, more productive population with those who create the conditions that promote human flourishing.

Introduction

Like any complex system, the U.S. economy evolves in unpredictable ways. Despite these ongoing shifts, the need for a healthy, skilled labor force remains a top priority for individual firms and the broader economy. Chapters 1 and 2 noted the magnitude of the U.S. health disadvantage; the vital conditions that shape the health of Americans (and harm their health, when unmet); and the ways in which neighborhoods and communities expand or limit opportunities for health, wealth, and well-being. People are more likely to be healthy and to prosper when they live in thriving neighborhoods that include high levels of social capital and community cohesion, high-quality and affordable housing, regional connectivity through transit, vibrant educational and workforce opportunities, and access to healthy food and recreation.

The human capital potential that could be unleashed if *every person* had access to this kind of opportunity—regardless of his or her race/ethnicity, disability, or income—would be remarkable: Such access would be transformational for our communities, businesses, and the economy. Because no single sector can realize this vision in isolation, the transformation requires investments and partnerships across the public, private, and nonprofit sectors. Nationwide, this transformative work of aligning financial resources from across organizations to address unmet vital conditions is already underway through the field of "community development." Actors working in this field are essential partners for businesses seeking to engage with and invest in communities.

What Is Community Development in the United States?

Community development in the United States is a mission-driven enterprise that fosters vibrant economic, social, and health conditions to increase opportunity for people with low incomes. The approach recognizes the inseparable connection between people's economic (and increasingly, health) outcomes and the opportunities available in the places where they live. Community development leverages public, private, and philanthropic investments to support a variety of activities that strengthen historically marginalized and disinvested communities and expand opportunities at the individual, family, and neighborhood levels, including

- Promoting and bolstering community engagement to identify and address local barriers to opportunity;
- Developing real estate, such as quality, affordable, and accessible housing and community facilities;

- Promoting small business and entrepreneurship;
- Strengthening human capital, from early childhood education to workforce training; and
- Supporting neighborhood residents in the areas of financial health and asset development, such as personal savings and credit repair.

Community development comprises organizations that specialize in real estate, city planning, law, social work, public policy, public health, affordable housing, and finance. The work is inherently interdisciplinary; requires diverse resources and skills; and needs to be deeply informed by local residents and community voices. As a result, successful community development entails strong and collaborative partnerships across multiple stakeholders—from the public, private, and nonprofit sectors to neighborhood residents and local leaders. Box 4.1 presents more information about the history of community development in the United States.

BOX 4.1: THE ORIGINS AND EVOLUTION OF COMMUNITY DEVELOPMENT IN THE UNITED STATES

The modern field of community development in the United States has its historical origins in the *War on Poverty* programs of the 1960s, which introduced a constellation of federal programs designed to provide education and job training to expand employment opportunities, as well as government support for community planning and organizing. In 1966, Senator Robert F. Kennedy and his aides worked with local residents to create the first "community development corporation" (CDC) in the Bedford-Stuyvesant neighborhood in Brooklyn, New York, which combined locally driven community action with the market-based principles of private enterprise.

This first CDC, founded in 1967 as the Bedford Stuyvesant Restoration Corporation, coordinated programs focused on the creation of housing, jobs, health facilities, recreation, and more in the defined geography of the neighborhood, fulfilling Kennedy's vision for holistic and locally driven approaches for alleviating poverty. "An effort in one problem area is almost worthless," Kennedy said in a speech announcing the first community development project. "A program for housing, without simultaneous programs for jobs, education, welfare reform, health, and economic development cannot succeed." This movement spread nationwide, with low-income communities creating the thousands of CDCs that exist nationwide today.

During subsequent decades, major cutbacks in federal funding for housing and other neighborhood investments spurred more innovation at the state and local levels and led to the establishment of new nonprofit entities dedicated to antipoverty work, such as Local Initiatives Support Corporation (LISC) and Enterprise Community Partners, two of the largest community development intermediaries in the United States. Eventually, these networks skillfully organized, became politically active, and lobbied successfully for more federal resources to sustain antipoverty efforts. Today, as an established field with significant technical expertise in a variety of functions, community development serves as critical infrastructure for deploying public and private resources into actions that improve the health and prosperity of low-income communities.

Critical Actors in the Community Development Field

As Robert F. Kennedy suggested in 1966 (Box 4.1), successful community development requires simultaneously addressing the complex web of social and economic factors that underlie poverty. Consequently, a variety of partners have engaged in a range of community development activities. The following sections describe some of the field's essential actors who implement community development activities.

Community Development Corporations

The National Alliance of Community Economic Development Associations describes community development corporations (CDCs) as nonprofit organizations that are typically based in low-income communities and work to improve the future of the neighborhood for the benefit of the people who live there, through such activities as real estate development, economic development, and community organizing. Approximately 4,600 CDCs exist in the United States. The East Bay Asian Local Development Corporation (EBALDC) in Oakland, California, is an example of a CDC that has adopted a "healthy neighborhood approach" to address the interconnected social, economic, and environmental factors that shape neighborhood health and well-being, specifically working to ensure that people of all classes and incomes can live where they work in the Bay Area.

Affordable Housing Developers

Although many CDCs develop affordable housing as part of their suite of local activities, larger regional and national organizations also dedicate their work solely to the development of affordable housing. For example, Stewards of Affordable Housing for the Future (SAHF) is a national network of the 13 largest nonprofit affordable-housing developers, including BRIDGE Housing, Homes for America, Mercy Housing, National Housing Trust, and National Church Residences. SAHF members collectively provide more than 140,000 affordable rental homes nationwide.

Community Development Financial Institutions

Community development financial institutions (CDFIs) are mission-driven financial institutions that provide access to affordable capital and financial services for low-income communities. CDFIs

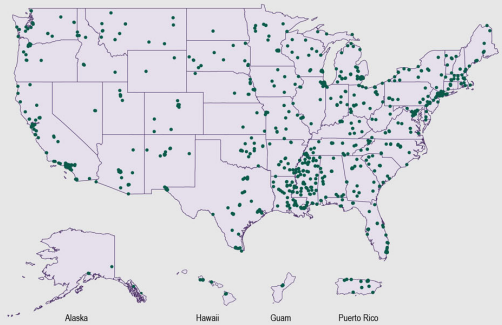
leverage federal resources, awarded through the U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund), to attract private sector investment, which they use to provide flexible financing for projects like affordable housing development, small business creation, and community facilities. The CDFI industry manages more than $150 billion among the more than 1,100 certified CDFIs nationwide (Box 4.2); CDFIs are headquartered in all 50 states, the District of Columbia, Puerto Rico, and Guam (Figure 4.1). Industry performance is strong. In 2017, CDFIs had a net charge-off rate of 0.4%, which was lower than the net charge-off rate of 0.5% among banks insured by the Federal Deposit Insurance Corporation.

BOX 4.2: OVERVIEW OF CDFI CERTIFICATION

CDFI certification ensures that a CDFI:

- "Is a legal entity at the time of Certification application;
- Has a primary mission of promoting community development;
- Is a financing entity;
- Primarily serves one or more target markets;
- Provides development services in conjunction with its financing activities;
- Maintains accountability to its defined target market; and
- Is a nongovernment entity and not under the control of any government entity (Tribal governments excluded)."

Figure 4.1 Locations of certified CDFIs



This combination of solid financial performance and deep commitment to mission enables CDFIs to serve as trusted conduits between traditionally risk-averse sources of capital and impactful projects in low-income communities.

Nonprofit Service Providers

Besides revitalizing low-income neighborhoods through real estate development, the community development field also works to develop human capital. Nonprofit service providers play a critical role in the field by building relationships with and offering direct services to low-income clients, from young children to older adults. These services can be grouped loosely into two types of service activities: (1) providing support to address immediate needs, such as a food bank or homeless shelter, and (2) focusing on longer term development that contributes to economic stability and wealth creation, for example, through activities that target educational readiness, workforce skills, or financial capability. Together, nonprofit service providers across the community development field address the wide range of complex barriers that people with low incomes face in achieving financial well-being.

Community Members

Despite its early origins as a community-based, resident-driven movement, the increasing technical complexity and professionalization of the community development field has made it less accessible to community members and residents. Nonetheless, many community development projects have successfully engaged community members in a variety of ways, including as board members of involved organizations, as members of advisory committees, and through community meetings. Importantly, many CDCs rose from and represent communities through their history and leadership "rooted in and rooting for struggling communities." Indeed, creating lasting change will require more intentional and meaningful partnerships with community members.

For example, Building Healthy Communities (BHC) is a comprehensive community initiative of The California Endowment, which is one of the country's largest health-focused philanthropies. BHC is designed to transform communities facing major health inequities into places where all people and neighborhoods thrive. It focuses on decreasing violence, increasing healthcare coverage among children, and improving transportation, among others. BHC takes an inclusive engagement approach that "[strengthens] the fabric of our democracy by investing in the social, economic, and political power of the very residents who have been the targets of exclusion, stigma,

and discrimination." This movement across the field emphasizes the longer term need to build relationships and support the lasting power in the community as a means of transformative change.

Working With Community Development Financial Institutions

CDFIs are financial institutions concerned with creating an inclusive economy, in which opportunity is widely accessible and prosperity is broadly shared. Because CDFIs recognize that access to capital is the lifeblood of our economy and essential to the economic health of families and communities, their shared mission is investing in people and places that otherwise lack access to safe, affordable financial products and services.

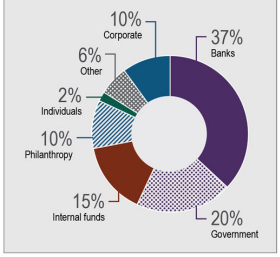
More than 38 million Americans (11.8%) lived below the federal poverty line in 2018. About 6% of Americans—21 million people—lived in counties characterized by persistent poverty, with poverty rates at least 20% for 30 years or more and as high as 32% for minority populations. Although median household income has increased nationally over the past several years, the net worth of the median household is still about 7% lower than it was in 2000. Given the well-documented link between economic distress, especially geographically concentrated poverty, and poorer health, investing in the most under-resourced American communities may help achieve better outcomes overall. CDFIs are experienced in such investments.

In a market economy, investors of capital channel money to where it can secure the highest rate of return for commensurate risks. Communities that are deemed too risky, or not profitable enough, are often bypassed by traditional financial institutions and as a result do not have access to the credit and capital they need to thrive. CDFIs focus on communities that have suffered the long-term effects of chronic and systemic disinvestment, such as urban areas where discriminatory "redlining" was once practiced and still casts a shadow, rural areas experiencing persistent poverty, and tribal communities that are often isolated from local and regional economies. CDFIs also focus on communities experiencing more recent economic stress, such as towns that have lost manufacturing businesses.

CDFIs finance entrepreneurs to develop small businesses; homeownership for first-time buyers; affordable housing for cost-burdened families and individuals; community facilities, such as schools, daycare centers, and health centers; and commercial enterprises, such as healthy food retail and small manufacturing companies. They offer bank accounts to the unbanked and under-banked and technical assistance that boosts families' financial capability.

The public and private sectors have come to recognize CDFIs as effective and vital intermediaries that function in the spaces between public policy and market forces. In 1994, with bipartisan support, the United States Congress created the CDFI Fund and placed it within the U.S. Department of the Treasury. CDFIs use public resources from federal tax credits (described below) and the CDFI Fund to leverage investments from a variety of private sources, including corporations. Figure 4.2 shows the composition of a balance sheet for a typical community development loan fund organized by a CDFI.

Figure 4.2 Fictional example of typical sources of capital for a CDFI loan fund

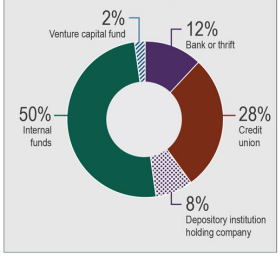


What Businesses Should Know About CDFIs

CDFIs Are Diverse

CDFIs come in many forms, including regulated banks and credit unions as well as unregulated loan funds, microlenders, venture capital funds, and socially responsible financial service firms (Figure 4.3). Some are for-profit, and others are nonprofit. Regardless of their business model, CDFIs share a common mission of reaching the people and places underserved by traditional financial institutions.

Figure 4.3 Types of certified CDFIs (among 1,112 certified CDFIs as of September 30, 2018)



CDFIs come in many sizes. The largest CDFIs manage several billion dollars in capital; the assets of small CDFIs may be only a few million dollars. Larger CDFIs tend to have better access to resources and bigger footprints; smaller CDFIs may have deeper local roots and a better understanding of local markets.

CDFIs Are Businesses

Though CDFIs are mission driven, they must attend to the bottom line. CDFIs manage the tension between earning enough income to cover costs and support growth and innovation while also achieving their mission of providing affordable financial products and services to underserved communities. CDFIs earn income from the fees and interest they charge borrowers. Some earn income from advisory services and contracts. CDFIs also raise grants from a variety of sources, including the CDFI Fund and other government programs, banks, and foundations. For many firms, a CDFI can be a partner with operations in communities and in specific areas, such as health clinics, with which interested businesses may be less familiar.

CDFIs make their business models feasible by raising investment capital from a variety of sources—some at market rates of return and others below market—and blending them together to make their financial products and services affordable. Businesses and other investors seeking careful, knowledgeable investors in underserved areas can partner with CDFIs to raise capital for a particular community investment.

Businesses and other investors seeking careful, knowledgeable investors in underserved areas can partner with CDFIs to raise capital for a particular community investment.

The Impact and Performance of CDFIs

CDFIs have stood the test of time. At the end of 1997, there were 196 certified CDFIs with total assets of $4 billion. Today, more than 1,100 certified CDFIs hold total assets of over $150 billion.[7] Since its establishment, the CDFI Fund has awarded over $3.3 billion to CDFIs, community development organizations, and financial institutions through its funding programs. In addition, it has allocated $57.5 billion in tax credits through the New Markets Tax Credit (NMTC, described below) Program and issued guarantees on $1.51 billion in bonds through the CDFI Bond Guarantee Program. Both programs are public initiatives that incentivize private investment in businesses and large-scale development projects to revitalize distressed communities. Finally, the Healthy Food Financing Initiative (HFFI), administered by the U.S. Department of Agriculture with support from the U.S. Departments of Treasury and Health and Human Services, provides grants and loans to improve access to healthy foods in urban and rural areas of need by financing grocery stores, farmers' markets, co-ops, and other food access businesses. With CDFIs as an intermediary, HFFI has provided more than $220 million in grants and leveraged an additional

[7] Except where otherwise noted, figures on CDFI Fund activities are based on CDFI Fund's 2018 annual report and on financial audits for fiscal years 2017 and 2018, using internal data from the Office of Inspector General.

$1 billion in private financing to nearly 1,000 groceries and healthy food retailers in 35 states (see Exemplar about The Reinvestment Fund).

The CDFI Fund's investments are leveraged many times over. The leverage ratio varies from program to program, but most, like the NMTC, attract about $8 of private capital for every $1 of federal spending. This creates a win-win for investors: CDFIs use public resources to mitigate risk for private investors, and the public benefits by achieving social outcomes that exceed the value of its investment. For example, the public may receive a new grocery store that offers food and employment opportunities; or it could get help with affordable housing that allows people to stay close to jobs. By serving as financial intermediaries, CDFIs can connect investors with needs and help improve the conditions that shape health in a community.

CDFIs have a positive impact on communities. For instance, under the Fund's CDFI Program, which gives financial and technical assistance directly to qualifying CDFIs to sustain and expand their work, "award recipients reported originating loans or investments in FY 2018 totaling over $11 billion, including

- $2 billion for 19,000 home improvement and purchase loans,
- $2 billion for 17,963 business and microenterprise loans,
- $3.4 billion for over 207,000 consumer loans, and
- $1.3 billion for 2,800 residential real estate transactions."

CDFI Fund award recipients also financed over 33,600 affordable housing units and served more than 343,000 individuals with financial literacy and other training. These products and services are delivered to underserved people and communities and allow struggling individuals and families to afford rent; own or upgrade a home; start a business, grow a business, or gain a job at a local business; establish a credit score; finance a car or an education; and live near employment opportunities, thus contributing to the strengthening of individuals, families, and communities and contributing to health, wealth, and well-being.

CDFIs are reaching hard-to-serve places. CDFI Program award recipients invested over 80% of their assets in low-income communities in 2018. Indeed, CDFIs receiving awards outperform the baseline certification guidelines, which require 60% or more of assets be invested in low-income communities. In the NMTC Program, allocatees (i.e., people and programs that receive funds) exceed the baseline requirement of serving low-income census tracts by driving 75% of transactions to *highly* distressed communities. Another CDFI Fund program, the Bank Enterprise Award, gives monetary awards to banks and thrifts that increase lending and services to communities that need them most. In this program, all transactions are in communities with

poverty rates of 30% or higher and unemployment rates 1.5 times higher than the national average. In communities with these characteristics, the additional support—whether for small business expansion, construction of a federally qualified health center, or investment in job training and skills—can have a lasting impact on quality of life and community health outcomes. Box 4.3 offers examples of the reach of CDFIs.

BOX 4.3: EXAMPLES OF THE REACH OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

- **"Former manufacturing communities.** More than 400 counties are affected by manufacturing job losses, and these counties have simultaneously experienced economic decline and population loss. CDFIs have lent and invested $2.7 billion through more than 49,000 individual transactions. In addition, over $5 billion in NMTCs have been invested in these counties.
- **Coal-impacted communities.** CDFIs are working in areas experiencing economic challenges due to contractions in the coal industry. [CDFIs] are supporting economic diversification and community revitalization initiatives. Sixty CDFIs across 14 states have lent or invested more than $100 million, and 24 community development entities [which are organizations certified by the CDFI Fund] have deployed nearly $230 million in NMTC investments in nine states.
- **Areas of persistent poverty.** While over 6% of the U.S. population lives in areas of persistent poverty, nearly one-fifth of CDFI investments and transactions and 18% of CDFI headquarters are located in these areas. CDFIs have invested more than $640 million in persistent poverty counties.
- **Small towns, rural communities, and Native communities.** CDFIs have provided $6.1 billion in loans and investments in small towns and rural communities and over $757 million in investments in Native communities.
- **Small business finance.** Financing entrepreneurs and small business owners remains a challenge in America, but CDFIs are making inroads. [In 2018], CDFI Program awardees provided financing to nearly 16,000 businesses nationwide."

Overall, CDFIs have tremendous impact in some of the hardest to serve places across the country, have lower rates of loan losses, and are more efficient than traditional lenders. According to the Opportunity Finance Network, although CDFI loans have higher delinquency rates than loans by traditional banks, their loss rates are in fact lower (0.65% versus 1.05% in 2001 through 2015). Since lending in distressed communities is their core business, CDFIs are experienced at

managing risk by offering technical and other assistance to borrowers, including individuals and their communities, entrepreneurs and small businesses, and even large institutional actors. An analysis by Fairchild and Jia found that CDFIs perform on par with mainstream banks when it comes to operational efficiency and are at no greater risk of institutional failure.

Options for Working With CDFIs

Businesses can invest in CDFIs in a variety of ways based on the outcomes they are seeking to achieve, such as improving the health, wealth, and well-being of the labor force or ensuring availability of affordable housing in their communities. The following section describes three options frequently used by CDFI investors.

"On Balance Sheet" Investments

Many investors choose to invest in the CDFI rather than directly into a project the CDFI will eventually finance, like affordable housing, a community facility, or a small business. These are referred to as "on balance sheet" investments and can be an effective option for an investor interested in the entire range of activities undertaken by a given CDFI. The investment can be spread across many transactions over a period of time, giving the CDFI maximum flexibility.

Structured Funds

CDFIs often structure special funds for an investor, or investors, interested in more targeted outcomes; for example, making healthy food more accessible in low-income, low-access areas. Structured funds can also be designed to target specific geographic areas. Structured funds are usually set up "off balance sheet," meaning that investments are made into a separate legal entity created solely for the purpose determined by the investor(s). The CDFI typically plays the role of the fund manager and often invests its own capital as well. A business interested in potentially contributing to community investments can (a) leverage their capital by pooling with other investors and (b) lower their risks by working with institutions that have experience in these types of investments and communities (see, for example, *Funds for kickstarting affordable housing preservation and production: Lessons for new investors* by Elizabeth Mattiuzzi).

Transaction Level

CDFIs are skilled at facilitating project-level investments from investors. If an investor has an interest in a single project, they can invest in that project through the CDFI or together with the CDFI. If a company is planning to invest in or contribute to a project, it should consider working

with a CDFI that can potentially lower risk and attract other market-rate or below-market-rate investments into the project.

CDFIs are working to close wealth gaps across America by investing in the engines that create mobility from poverty, such as good schools, safe and affordable housing, access to healthy food, and quality healthcare. By reducing or closing gaps in wealth and increasing economic opportunity, improvements in health and well-being will be more attainable. Examples in other sections of this report demonstrate tangible ways that the business community is already advancing this work. But more is needed. Businesses can contribute in even greater ways to creating a society in which health and prosperity are more broadly shared. Communities that meet the needs of families—safe neighborhoods, childcare, affordable housing, and good schools—ultimately produce healthier and more productive workers, now and into the future, with attendant returns of value to the business. Partnering with CDFIs to invest in communities is a well-developed strategy for realizing this vision.

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Main Sources of Community Development Funding

Because of the overall insufficiency of any single funding source dedicated to low-income communities, the practice of community development requires a combination of multiple funding streams from across the public, private, and philanthropic sectors. These varied sources have different motivations for investing in community development efforts. The most common types of funding are described below, but the field is constantly evolving in its ability to connect new sources of capital to efforts that strengthen low-income communities.

The *Community Reinvestment Act*

The *Community Reinvestment Act* (CRA) is a regulatory statute that helps ensure depository banking institutions provide capital and financial services to the low-income communities in which they operate, consistent with safe and sound practices. CRA was enacted in 1977 in response to decades of disinvestment in low-income communities and, most notably, to lend and invest in the communities in which they are chartered. Estimates indicate that CRA-motivated banks made aggregate loans of more than $400 billion in 2016 to support housing, small businesses and

farms, and community development efforts in lower income communities. Of the multiple sources of community development funding, CRA-motivated bank lending and investment represent the largest share.

Low-Income Housing Tax Credit and New Markets Tax Credit

To incentivize additional private sector actors to invest in low-income communities, the federal government allocates tax credits that can be purchased by private entities to offset their tax liabilities. The largest such program is the Low-Income Housing Tax Credit (LIHTC), which was created in 1986 to encourage private investment in affordable housing. Under the terms of the LIHTC program, states receive an annual allocation of federal tax credits based on population size (nearly $9 billion in 2017), which are then awarded through a highly competitive process to developers that construct, rehabilitate, or preserve affordable housing. The developer then sells the credits to a corporation that can apply them toward future tax liability, and the proceeds of the sale generate equity for the housing endeavor. Since its inception, LIHTC has financed more than 3 million units and served more than 7 million households, supporting 3.4 million jobs while generating $323 billion in local income. Congress enacted a related program, NMTC, in 2000 to attract private capital for small businesses and community facilities that operate in low-income communities. Since 2001, the NMTC program has provided $49 billion in incentives ($3.5 billion in 2018), creating or retaining nearly 750,000 jobs and supporting the construction of 190 million square feet of manufacturing, office, and retail space.

Public Sector Investments

The public sector also provides significant funding in the form of loans or grants from sources, such as tax revenue and municipal bonds, across all scales of government. At the federal level, the U.S. Department of Housing and Urban Development (HUD) administers multiple grant programs, such as the Community Development Block Grants, from which funds are then allocated at the state and local levels. State and local governments also administer their own funding programs, such as California's Affordable Housing and Sustainable Communities Program, which uses revenue from the proceeds of the state's cap-and-trade program ($402 million in 2019, more than $1 billion since 2016) to fund housing, transportation, and land-use projects that reduce greenhouse gas emissions. In addition, multicounty or regional bodies, such as metropolitan planning organizations, also can provide funds to support community development efforts at the regional level. Businesses can tap into some of these resources or join with public-sector partners to lower the costs of their community investments.

Foundations

Charitable foundations are known most widely for their grant-making efforts, which have no expectation of repayment or investment return. Many foundations, however, also make investments from their asset portfolio through "program-related investments" and "mission-related investments" that are designed to further the organization's social mission while earning some level of financial return. These philanthropic investments can take multiple forms, such as below-market-rate loans, loan guarantees, or equity investments. Philanthropic investment complements grant funding and often provides the flexibility needed to pursue innovative new projects and financial structures. Chapter 5 presents more information about partnering with philanthropy.

Direct Private Sector Investment

Private firms have begun to invest directly in community development efforts, separate from any regulatory requirements or tax credit incentives. For example, technology companies—such as Microsoft, Google, and Facebook—have made commitments to fund affordable housing in the regions in which their offices are located, in response to the growing pressure their presence has created on local housing markets. In addition, health systems—such as UnitedHealthcare, ProMedica, Bon Secours Mercy Health, Nationwide Children's Hospital, and Kaiser Permanente—have also invested directly in community development efforts, recognizing that such issues as housing stability and access to healthy foods improve health outcomes.

Putting It All Together: The Practice of Community Development

The same community assets that boost population health also create an excellent environment for private enterprise. The combination of these assets and their ongoing development and enhancement in the community through the practice of community development (a) helps employees across a variety of skill levels; (b) enables employees to come to work prepared and engaged; and (c) promotes a thriving local network of businesses, suppliers, colleagues, customers, and clients. The assets of a healthy community ecosystem help underserved and disadvantaged populations realize economic prosperity, which in turn promotes their engagement as consumers. Indeed, communities enriched with the vital conditions for health, wealth, and well-being are economically resilient—that is, they are better able to withstand the blow of a recession without spiraling into depopulation, blight, and crime and to build wealth broadly in times of plenty.

A "one-size-fits all" approach to the practice of community development does not exist, and the range of actors, activities, and funding sources varies depending on the local context. Community development approaches, however, traditionally have fallen into two categories—"people" and "place"—defined by the scale of the intervention. Effective community development addresses people and place simultaneously; the work must be grounded in the lived experience of people with low incomes, which cannot be separated from the places in which they live. Thus, community development is not a singular exercise carried out by any one organization. Instead, community development is a collective effort to harness resources and strengths across multiple organizations and sectors, including the private sector.

People: Improving Economic Outcomes for People With Low Incomes

Improving economic outcomes for people with low incomes involves the expansion of skills and assets at the "person level," such as job training, savings programs, and youth development. These approaches are designed to improve household financial health, which in turn positively affects physical and mental health, labor force attachment, and educational attainment. For example, children's savings accounts—often implemented through partnerships involving the public, private, and nonprofit sectors—are long-term savings accounts that help families with low incomes build savings for postsecondary education. Even small amounts of savings can affect a child's life trajectory. Children who live in families with low- and moderate-level incomes and have savings designated for college (even less than $500) are three times more likely to enroll in and four times more likely to graduate from postsecondary school or from a certificate program than children with no savings account. Another approach is the bundling of multiple services into a single program, such as Financial Opportunity Centers (FOCs), which integrate job training for workers with low incomes with financial coaching and connections to income supports. FOCs provide employment counseling, one-on-one financial coaching, and low-cost financial products that help build credit, savings, and assets. FOCs also connect clients to food assistance, utilities assistance, and affordable health insurance. Compared with people in programs offering employment assistance alone, members of FOCs are more likely to be employed year-round, reduce consumer debt, and build positive credit histories.

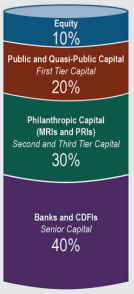
Children's savings accounts, FOCs, and other services are not structured to provide financial returns to investors, and thus rely heavily on grant funding. One exception is "social enterprise," which is a business model that generates revenue while fulfilling a social mission. (Social enterprise is described fully in Chapter 5.) A growing movement in the community development field seeks to expand the availability of capital beyond grant funding for strategies that improve person-based outcomes. This shift toward "outcomes-based financing" aims to help coordinate

the financial interests of multiple stakeholders into integrated interventions that focus on the whole person, recognizing that "[o]utcomes arise from complex interactions that can never be under the control of any one organization." Businesses can participate in these efforts by providing grants and capital for loans that generate a return while producing an outcome.

Place: Fostering Investment in Low-Income Neighborhoods

Increasing investment and resources in a specific neighborhood generally includes improvements to the built environment or the physical structures and amenities present within a community, and involves real estate development projects—such as affordable housing, health clinics, charter schools, or community centers—that are designed to serve people with low incomes. Funding for these projects is scarce and requires community developers to form diverse partnerships across the public, private, and nonprofit sectors. The project developer, often a nonprofit CDC, works with a financial institution, typically a CDFI, to layer multiple sources of debt and equity financing into a single structure known as the "capital stack" (Figure 4.4). Each layer in the stack reflects a different type of capital that assumes a different level of risk and return. As a helpful conceptual framework, the capital stack lays out how different partners with different incentives and levels of risk tolerance can be brought into a shared purpose, ultimately for the benefit of low-income communities. CDFIs often pool capital from a range of partners into a single loan fund that invests in multiple projects, "providing the nimble, patient [i.e., long-term] financing" that is especially crucial in the early stages of development (Box 4.4).

Figure 4.4 Example of a capital stack



Notes: This example of a capital stack depicts the totality of capital invested in a project. The most risk is at the top, and the least risk is at the bottom, with higher positions in the stack expecting higher returns. **CDFIs** = community development financial institutions; **MRIs** = mission-related investments; **PRIs** = program-related investments.

Investing to ensure an adequate supply of quality affordable homes in residential neighborhoods with access to businesses and employment is critical to building healthy and well employees, families, and communities. Historically, businesses and residential neighborhoods have developed in tandem, simply because employers need access to a stable labor pool, and workers need access to their jobsites. When the local housing market changes and employees can no longer afford to live near employers, both the community and the businesses suffer (Box 4.5).

BOX 4.4: EXAMPLES OF CAPITAL POOLING

- **Local Initiatives Support Corporation (LISC)** partnered with Morgan Stanley and The Kresge Foundation to create the $200-million Healthy Futures Fund (HFF). The Fund supports financing of community health centers and affordable housing in underserved areas. HFF combines tax credit equity, loan guarantees, debt, and grants into a single fund that finances a variety of projects. So Others Might Eat (SOME), a nonprofit community development corporation, accessed funds from HFF to develop the Conway Center in Washington, DC, which serves formerly homeless families with affordable housing, a health center, and job training—all adjacent to a transit station.
- **Enterprise Community Partners** worked with a range of public, private, and philanthropic partners to launch the Denver Regional Transit-Oriented Development Fund. The fund provides financing to create and preserve affordable housing along transit corridors in the Denver area, helping to ensure that residents with lower incomes have access to transit for employment opportunities across the region. To date, the fund has made 16 loans, which have created or preserved more than 1,300 affordable apartments, a new public library, and more than 100,000 square feet of commercial and nonprofit space—all near public transit.
- **Public transit and family-friendly communal spaces**, such as libraries, are essential ingredients of thriving, high-opportunity neighborhoods that foster economic mobility.
- **Partnership for the Bay's Future: A High-Impact Model for Investment** (see Exemplar).

BOX 4.5: IMPACT OF HIGH COST OF HOUSING ON BUSINESSES AND EMPLOYEES

In a survey of employers in the Greater Boston area, nearly half of the respondents said they had failed to recruit or retain employees because of the high cost of local housing. About 40% said they had to increase salaries or benefits to account for rising housing costs.

In another survey of employers, nearly three-quarters of 14 major employers representing 200,000 jobs in Los Angeles affirmed that they face challenges retaining workers because of high housing costs, and most employers said that more than one-quarter of their workers faced one-way commutes of at least 45 minutes. These employers cited certain categories of employees—including single-earner families, part-time and lower wage workers, and those planning to buy a home—as being particularly vulnerable to the lack of quality affordable homes in the local housing market.

This presents an opportunity for local companies. A variety of businesses can step into this breach by investing in their own neighborhoods to tackle specific housing and health priorities that affect their communities. To facilitate these investments, emerging creative funding models layer public and philanthropic dollars with for-profit and mission-driven investments at various rates of return. Fine-tuning a fund's capital stack (Figure 4.4) enables local companies to attract more capital and to deploy those resources in ways that adjust flexibly to current needs.

A Caution: Improving Neighborhoods While Preserving Affordability

Investing in or adding amenities to historically disinvested neighborhoods can offer valuable benefits to residents. Improvements, however, raise the risk of gentrification, a process of neighborhood change that includes economic shifts, such as real estate investment and new residents with higher incomes moving in, as well as demographic shifts, such as changes in the racial composition and education level of residents. Gentrification results in the involuntary displacement of long-time residents, particularly people with low incomes and people of color, who cannot afford to stay and do not benefit from new investments into the area. The newly developed "606" recreational trail in Chicago is an example. Here, a historically low-income neighborhood sits on the west side of the trail, but within 3 years of breaking ground on the linear park, home prices in the neighborhood increased 48%, more than double the rate for the entire city. Local community development groups, such as Latin United Community Housing Association, are responding to the housing market pressures by working with partners to add to the stock of new affordable housing units and advocating for city ordinances to increase funding for affordable housing.

The availability of affordable housing is critical to preventing displacement. The community development field is deeply engaged in affordable housing strategies to address displacement through an approach widely referred to as the "Three P's":

- **Protection** for current tenants, such as policies related to rent control and evictions;
- **Preservation** of existing affordable units (e.g., a nonprofit could acquire and rehabilitate an older apartment building to take it off the speculative market and keep rents permanently affordable); and
- **Production** of new affordable units, such as a new LIHTC development that would add rent-restricted affordable units to the existing stock of housing.

Preventing displacement due to gentrification requires proactive policies, innovative development practices, and deep community engagement and empowerment. Community partners need to plan and take preventive measures to preserve affordability well before gentrification begins.

Early strategies for promoting affordability can include coalition building, community land trusts, and inclusionary zoning policies. Such strategies as employer-assisted housing programs and affordable housing trust funds can also help communities in later stages of gentrification. Groups like EBALDC also provide a model for community development that aims to ensure affordable housing while preventing displacement.

Looking to the Future

From its origins in the federal *War on Poverty* in the 1960s, to its modern multisector networked approach, the community development field has evolved as a mature industry that is highly skilled in connecting low-income communities to the capital and resources necessary for expanding economic opportunities. However, despite the sizeable investments that flow through public and private channels, the current scale of the field is not sufficient to address the many complex causes of poverty and the negative impacts on health, wealth, and well-being.

Addressing poverty is in the direct interest of many more stakeholders beyond community development, including government, businesses and business owners, educators, and healthcare providers and payers. The challenges ahead require rigorously pursuing a new business model that more closely aligns the financial interests of those who stand to benefit from a healthier, more productive population with the capacities of those who create the conditions that promote human flourishing. A wide range of actors across all sectors must be committed to increasing the productive capacity of every person in the United States—that begins with robust and strategic investments in community health and economic prosperity. Our shared future as a nation depends on it.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 4. The tools and resources were created by such businesses and organizations as Bank of America, The Brookings Institution, Opportunity Finance Network, U.S. Department of the Treasury, and others.

THE REINVESTMENT FUND

A CDFI Uses Data to Expand Food Retail in Ohio



Community Challenge | Despite gains over the past decade, limited access to healthy food continues to affect residents of urban and rural communities across the United States. The Reinvestment Fund's Limited Supermarket Access (LSA) analysis estimates that 17.6 million people live in communities without easy access to healthy, nutritious food options. This analysis goes beyond simply identifying areas with limited access; it also measures the extent to which LSA areas can support new or expanded food retail.



Scenario | Dayton, Ohio, ranks in the worst quartile of cities in the nation for rates of food hardship in households with children. The Salem Avenue corridor in Dayton is an LSA area with limited healthy food access. Approximately one-third of households in this area receive benefits from the Supplemental Nutrition Assistance Program. The neighborhood has several dollar stores and only two grocery stores—neither of which serves the community adequately. Market analysis reveals that the area is "understored" with less grocery square footage than the Ohio and national averages. As a result, residents spend their grocery dollars in pharmacies, convenience stores, and dollar stores in the local area, or they are travelling to suburban areas to shop at larger stores, like Aldi and Meijer.



Action Taken | Since 2015, members of the Dayton community have worked to improve local access to food. They started with a community needs assessment, which resulted in a steering committee led by community residents. Thanks to their work, the community is opening a worker- and member-owned grocery store. The Gem City Market will be a full-service store focusing on affordable products and will also include a teaching kitchen, space for nutrition classes and wellness programming, a mini-clinic, cafe, and community room. The project brings together Greater Dayton Union Cooperative Initiative; Miami Valley Community Action Partnership, a long-standing nonprofit in the region; and Greater Dayton Premier Management, an arm of the Dayton city government. The Reinvestment Fund, along with Dayton Regional New Markets Tax Credit Fund and PNC Bank, are providing financing for the project.

The store will be open to everyone; shoppers do not need to have a membership. The cooperative is designed to serve its community with traditional grocery products; discounted pricing for consumer-owners with lower incomes; and an employee equity program. Residents with low incomes can become consumer-owners at discounted rates. More than 2,400 Daytonians have already purchased memberships. Gem City Market will also be owned by its employees, improving the (a) quality of the work above industry standards and (b) outcomes for the store by educating employees in business finance and operations and giving them an equity stake.

Key Takeaway | Aside from data, community need and support are critical to driving investment and developing viable solutions. Although business engagement can be critical to success, sometimes the solution is just creating a business.



CHAPTER 5. Working With Community Changemakers

OVERVIEW

This chapter introduces four community changemakers with which businesses can partner to improve community health, wealth, and well-being. Stories describe effective partnerships and unique ways that businesses can create healthier, stronger communities. Examples in this chapter show how partnerships with businesses can solve both business and community problems and create opportunities for business in communities.

KEY TAKEAWAYS

- In addition to community development actors, businesses that would like to invest in or engage with their communities might also collaborate with social enterprises, public health departments, foundations and philanthropies, and anchor institutions.
- Social enterprises are in the business of knowing communities and effecting change to make them stable and help them thrive, all while operating a successful company.
- Public health departments collaborate with a variety of organizations to meet shared goals and address the vital conditions that shape health. These departments can be creative, dependable, and effective partners of businesses.
- Foundations and philanthropies are critical partners at the local, regional, and national levels. These entities bring rich community knowledge, long-standing relationships, and a range of resources, including investment resources, to achieve shared goals.
- Anchor institutions are place-based economic engines with an embedded social mission inextricably linked to the long-term, well-being of the surrounding communities. Businesses can join with—or become—anchor institutions as they work to increase local hiring and procurement and support equitable economic development.

Introduction

Businesses seeking to invest in or engage with their communities may join with many partner organizations that are already working to improve community health and increase economic prosperity. As described previously, actors within the community development field, including community development financial institutions (CDFIs) and community development corporations, are proven partners for capital and service investments to improve the vital conditions that shape health, wealth, and well-being. This chapter briefly introduces four additional partners, with complementary strengths and skills.

- **Social enterprises** are companies with socially driven missions that have discovered ways to align their profits with improving health, wealth, and well-being. These businesses meet a need in the community, such as preventing evictions and providing jobs, and meet the business imperative of being profitable.
- **Public health agencies** provide critical services and infrastructure to protect and improve the health of people in communities. Partnerships between public health departments and

local businesses address such issues as healthy behaviors, worker safety, food and nutrition, neighborhood livability, and criminal justice reform. Public health departments can serve as chief health strategists in their communities.

- **Foundations and philanthropies** harness the power of wealth to tackle entrenched health and social problems. Business and foundation/philanthropic partnerships can spread prosperity and opportunity in struggling communities through programs, grants, and capital investments.
- **Anchor institutions** are economic engines that power sustainability and long-term well-being in their communities. Businesses can partner with—or become—anchor institutions to strengthen and expand an inclusive local economy. Hospitals and universities are prime examples of anchor institutions that leverage their own assets to create economic opportunities for individuals, businesses, and communities.

Social Enterprises

Many factors combine to make a business successful: a company's strong, competitive products and services; market demand; a compelling brand and reputation; and well-trained staff and able leadership. Providing investments and services that make people and communities healthy, vibrant, strong, and resilient generally is viewed as a job for others and not part of a company's core work. But an array of enterprises *are* in that business, including social enterprises. Companies can partner with social enterprises, whose core business is knowing communities and effecting change to make them stable and help them thrive, all while operating a successful business. Social enterprises are a hybrid of sorts; they

- Are mission driven with an identified social issue they have set out to address,
- Are commercial businesses (either nonprofit or for-profit) invested in addressing that issue,
- Balance their goals of achieving societal impacts within the requirements of the market, and
- Can be effective partners for businesses that similarly want both social and financial returns on their investments.

This approach has been termed "impact investing."

Companies in the "business of doing good" are forging innovative partnerships with other businesses to create positive results for all parties, recognizing that health and prosperity are inextricably linked for both business and communities. Two examples describe how business and community organizations can partner to meet their goals for mutual benefit.

A Real Estate Company and a Nonprofit Organization Build a Partnership

Beacon Communities, a privately owned real estate firm (https://www.beaconcommunitiesllc.com/), develops, invests in, owns, and manages multifamily housing properties, approximately 22,000 apartments—including affordable-, market rate-, and mixed income-housing—in the Northeast and Mid-Atlantic regions of the United States.

Beacon Communities' renters are primarily people and families with lower incomes. A review of evictions for nonpayment of rent found above-average eviction rates in some of Beacon Communities' developments. Evictions were bad for Beacon Communities' business. Costs included lost income through vacancies, legal expenses tied to the eviction process, and negative effects on the morale of property managers charged with evicting families. Evictions were also bad for Beacon Communities' goal of contributing to building stable communities for their residents. Beacon Communities reduced its eviction rate when it began working with HomeStart.

HomeStart, a nonprofit organization (https://www.homestart.org/), works to end homelessness in the Greater Boston, Massachusetts, area by helping individuals obtain housing and settle into the community. HomeStart observed that evictions for nonpayment are a primary driver of homelessness and that eviction is associated with a cascade of long-term consequences. Once evicted, a family's credit is ruined, they lose their possessions, they plunge into debt, their employment becomes unstable, and family cohesion often dissolves.

HomeStart was historically a U.S. Department of Housing and Urban Development (HUD)-supported program to assist people experiencing homelessness in their search for housing. Frequently, people came to HomeStart with an eviction notice, seeking help with a housing search. HomeStart endeavors to prevent homelessness before it starts, so the organization began to test a new program. HomeStart would meet a family appearing in housing court for nonpayment of rent, and make a small payment to the property owner to prevent the eviction and buy time. Then HomeStart would work with the family to identify the causes of the eviction notice, help the family repay any debt, and develop a plan to cover the family's rent. After 12 months, 97% of the families supported through this process by HomeStart could maintain housing on their own.

Because of HomeStart's assistance, (a) families could avoid the long-term consequences of eviction; (b) housing owners could avoid costly evictions; and (c) employers could retain stable employees.

To quantify the impact of its efforts, HomeStart worked with the Boston Housing Authority (BHA) (http://www.bostonhousing.org/en/Home.aspx) to establish the costs of evicting a family and evaluate the efficacy of its program. The analysis was compelling: BHA's cost to evict a family was about $10,000, but HomeStart's cost was only $2,000 to prevent the eviction. HomeStart and BHA tracked 300 households that HomeStart had supported. After 48 months, only 5% of those families had been evicted for nonpayment. Based on these positive long-term social and financial results, HomeStart created the first-ever per-intervention reimbursement rate contract with BHA. BHA now pays HomeStart to *prevent* families from being evicted, which saves the city the costs of eviction and provides a lifeline to struggling families. HomeStart receives 75% of the payment upfront for each household supported and the remaining 25% at the end of 12 months, if families remain stably housed. Through this partnership, HomeStart helps BHA mitigate the government's financial risk and negative social outcomes, and in 2017 alone, saved BHA more than $1,000,000 in eviction-related costs.

Based on HomeStart's experience with BHA, Beacon Communities, the private firm trying to stem evictions, quickly agreed to HomeStart's reimbursement rates and began a partnership to reduce evictions. Beacon Communities' evictions have been dropping ever since, and Beacon Communities has initiated conversations to roll out the HomeStart partnership to other properties, reaching thousands of individuals and families.

Beacon Communities' partnership with HomeStart is an example of marrying good business with community impact—for all residents and property managers—and serves as a model of how private industry can accelerate a positive, social impact.

> *"Our partnership with HomeStart is changing the trajectory of the lives of our residents while simultaneously reducing the number of families that experience homelessness. The value of this partnership goes beyond dollars and cents; it is change management at its core. It is the right thing to do, and the successful outcomes underscore the importance of this program."*
>
> —Dara Kovel, CEO, Beacon Communities

Corporations, Investors, and a Nonprofit Social Enterprise Do Business Together

In 2018, First Step Staffing (FSS) (https://firststepstaffing.com/) expanded operations from its Atlanta, Georgia, home to Philadelphia, Pennsylvania, replicating a successful model of purchasing a for-profit staffing agency and converting it into a workforce social enterprise—that is,

an organization that helps people overcome barriers to employment and find and succeed in jobs. In its first year in Philadelphia, FSS retained 100% of the prior for-profit agency's corporate clients and added 14 new clients.

FSS provides employment services for people transitioning from homelessness, including veterans, formerly incarcerated individuals, and others with barriers to employment. As an alternative staffing agency, FSS places men and women into temporary and temp-to-hire positions with local businesses, and provides supports, including job coaching and transportation to and from work, to make its employees successful. As a nonprofit social enterprise, FSS offers the support services at no additional cost to corporate clients. Rather, the organization reinvests the profits from the staffing agency into these services and obtains additional grant funding to cover the costs.

FSS serves both the business client that is paying for reliable and well-supported staff and the staff who are reentering the workforce and need support to succeed in the workplace and address other challenges, such as unstable housing, health issues, a criminal record, or other obstacles to employment. FSS makes several promises to its business clients:

- Guaranteed on-time employees by providing transportation when needed and incentives for employees who consistently come to work on time and prepared;
- Skills-matching, specialized training, life coaching, and extended job training hours for employees; and
- Competitive pricing with all profits reinvested in the program, services, and people.

FSS also makes the case that working with people transitioning out of homelessness is beneficial to the entire community and local economy. FSS (a) helps people achieve the first step toward economic self-sufficiency and earning power sufficient to maintain stable housing; (b) pays wages to workers whose purchasing power will in turn support local businesses; and (c) potentially reduces the need for costly government services, creates employees who may become tax payers, and supports making the community a more attractive place for new business and investments.

Besides being a client of FSS staffing services, a business can invest in FSS through debt and philanthropic equity. For example, Nonprofit Finance Fund, a New York-based national CDFI, provided loans to support FSS' expansion into Philadelphia. Additional investments and resources came from other CDFIs, philanthropy, the City of Philadelphia, and social investment funds. Opportunities for other businesses and individuals to invest will continue as FSS expands to other cities, as it recently did to Los Angeles, California.

How Businesses Find Partners

Business partnerships with community organizations are good business. But how do businesses identify community partners and make collaborative arrangements? Various paths exist. Some partnerships come from a business's deep knowledge of the local community and its relationships there. Others can be identified through such resources as the Build Healthy Places Network's Partner Finder tool (http://www.buildhealthyplaces.org/partners/). This tool contains directories of many national networks of community development organizations, including the National Alliance of Community Economic Development Associations, the National Association of Latino Community Asset Builder, the National Coalition for Asian Pacific American Community Development, NeighborWorks America, and Opportunity Finance Network. The Democracy Collaborative also has an informative toolkit (https://hospitaltoolkits.org/investment/) for place-based investing. Although the toolkit focuses on healthcare partnerships, it provides several resources that are relevant to all types of businesses. Businesses that invest in people and communities will reap both social and financial rewards most readily when they invest in partnerships with community organizations and social enterprises whose businesses *are* the social good.

Public Health

Collaborations often form when problems are complex, affect multiple stakeholders, and require shared, sometimes risky solutions. Individual organizations may not know where to start, may chip away at the edges of a larger structural problem, or may turn to other mitigation strategies (like relocation) that leave the problem either unaddressed or worse than before. Taking effective action to address longstanding and complex social problems requires multiple partners with a variety of perspectives and a host of tools, strategies, and know-how to drive solutions. Loose collaborations that share a clear vision and can operationalize a plan, with each partner contributing to the whole based on their specific strengths, connections, and opportunities, may be the most efficient approach. Such successful collaborations deploy an asset-based approach where community partners contribute their own micro assets to achieve macro solutions that are coordinated and more effective than the component parts. Public health departments are often at the heart of these community collaborations.

Public health departments collaborate with a variety of organizations to meet shared goals and address the conditions that shape health. They can be creative, dependable, and effective partners of businesses seeking to improve the health of employees (including future employees),

families, and communities. Companies seeking to engage their communities and take actions to improve community health, wealth, and well-being can look to their local public health departments as effective partners.

As a part of city, county, or state governments, public health departments are tasked with an enormous responsibility: protecting the health of the people they serve. They do this by collecting and analyzing data to understand the health threats to a population and where diseases occur in a community. They provide tools and resources and broadcast critical messages to the public that help communities take precautions against a wide range of infectious diseases such as coronavirus, measles, influenza, HIV, and viral hepatitis. Public health departments also collaborate with the communities they serve to develop strategies for preventing and managing chronic conditions; adopting healthy behaviors; and even preparing for weather emergencies, such as hurricanes, tornados, and snowstorms.

Staff of public health departments are well aware of the vital conditions that contribute to favorable health outcomes and have long worked to increase access to community and clinical preventive services. Examples of community preventive services include smokefree air policies, active transportation, and supportive housing; and examples of clinical preventive services include immunizations, cancer screenings, and management of diabetes and hypertension. In addition to providing this technical expertise, public health departments often are well integrated into and respected by the community. In fact, one of the roles of the public health department in the 21st century is to be the chief health strategist of a community, joining with and at times leading community members and stakeholders to solve critical community problems.

Delivering on that role may be a challenge for health departments facing budget constraints, inability to hire critical talent, and the weight of bureaucratic demands. However, when public health departments successfully address community problems and improve community health, it is often because of strong leadership, a creative and talented workforce, essential infrastructure to meet community needs, and strategic partnerships with businesses and other community organizations, including healthcare delivery and academic institutions. The tools used to protect the public's health are also used by businesses, such as robust data analytic capabilities and clear metrics to monitor progress. Flexible and sustained funding and a talented workforce are necessities to support effective public health initiatives. In short, the kinds of supports that foster success for health departments are familiar to every organization or business tackling high-stakes projects.

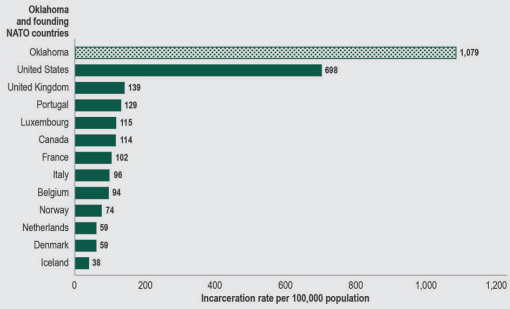
The following example from Oklahoma City, Oklahoma, highlights how public health departments and business leaders worked alongside mission-driven nonprofit organizations to address a complex community problem of critical importance to all.

Criminal Justice Reform in Oklahoma City

The Oklahoma City County Health Department is recognized by peers and colleagues across the state as a "go-to" leader and partner to help solve a range of community challenges. The health department's multi-agency data sharing framework provides a holistic understanding of a range of community issues, and its collective impact model to better serve the community's most needy citizens had already caught the attention of area business leaders. When concern developed in the business community about overcrowding at the Oklahoma County Jail, attendant health and safety issues, and potential federal intervention, the local chamber of commerce approached the challenge as a business problem to solve, and the local health department brought its resources and expertise to bear on finding a solution.

Criminal justice reform may not seem like the obvious challenge to bring together business and health leaders. However, leaders in the business community were concerned about the image of having the highest incarceration rate in the nation (Figure 5.1) created for the city, as well as the moral issues around maintaining an overcrowded jail. For its part, the public health department was concerned about getting residents with mental health or substance use conditions into treatment (rather than jail), keeping families intact, and preventing seemingly modest violations, like a broken taillight, from derailing employment and landing a family in poverty.

Figure 5.1 Incarceration rates in Oklahoma and founding NATO countries



Incarceration negatively affects the broader labor market by creating barriers to current and future employment, and is associated with high rates of death from drug overdose, lower median household incomes, and poor health outcomes. Incarceration also has long-term implications for families and children; even a few days in jail can result in the loss of a job, disrupt childcare arrangements, and affect school attendance and performance. In addition, children of incarcerated parents are six times more likely to become incarcerated themselves.

For businesses in Oklahoma City, cycling thousands of city and county residents through the jail was a workforce issue. For community members, the overcrowded jail reflected poorly on the city and county they called home and did not align with the future they were trying to build. Oklahoma City leaders recognized the business, community, and social dimensions at stake and the health, wealth, and well-being implications for the city and county.

Understanding why so many people were in jail in the first place led business, community, and health leaders to see the problems at the jail as a community-wide issue and both a symptom of and contributor to community concerns like workforce, education, safety, quality of life, civil rights, and justice. Although criminal justice issues are not typically considered health or business issues, business, health, and community leaders could see the connections between (a) pathways to jail, jail overcrowding, and disparities in treatment at the jail and (b) community health, wealth, and well-being and the potential to thrive. As business leaders weighed in on the levels of incarceration, other concerns became evident. H. E. “Gene” Rainbolt, founder of BancFirst said, “We’re running a felony factory. It requires so much state appropriation it takes money away from things that really make a difference such as education, mental health, rehabilitation, and family structure.”

The Greater Oklahoma City Chamber of Commerce convened the Oklahoma County Criminal Justice Reform Task Force and brought in the Vera Institute of Justice to help assess the problem. Findings from the analysis opened the community’s eyes to solutions beyond increasing jail capacity. For example, many incarcerated individuals would be better served, at lower cost, by other city and county programs; and most people in jail had not yet been found guilty of a crime. They were in the pretrial phase and unable to post bail. With a better understanding of how the justice system worked (or did not work) in Oklahoma City and County, community stakeholders, under the chamber’s leadership, turned their attention to reform. They worked with elected leaders; business, health, and education leaders; judges, prosecutors, and attorneys; law enforcement officials; and the public to change practices from the point of citing someone for a violation through jail admission and the court process. Judges started assessing offenders’ abilities to pay before imposing bail and fines. Law enforcement officers were offered alternatives

to arresting low-level offenders. State laws were changed so that law enforcement and justice professionals could work with mental health professionals to provide alternatives to jail for those with mental health disorders. Within 14 months, the jail's population had declined by one-third. By 2017, the number of people in jail fell below 2,000 for the first time in years. Studies suggest community members will be safer and healthier as a result, and crime rates trended down from historical highs in 2008 to 2010 and leveled off through 2017.

With local businesses and the public health department working together, along with other partners, under the auspices of the Greater Oklahoma City Chamber of Commerce, the City and County were able to address a real and perceived blight to the city's image and the future it wants to create, in a way that builds value for people and place and increases opportunity for greater community health, wealth, and well-being.

A Promising Partnership

While collaboration can be challenging and time-consuming, addressing entrenched community problems requires cooperation among stakeholders who may have limited experience working together and, in some cases, may represent competing interests. Including a range of stakeholders, however, brings more assets and greater "buy-in" to address the problem in the first place and to implement the identified solution in a sustainable manner. Public health departments, given their interdisciplinary nature and their broad mandate of protecting the public's health, are a flexible and effective partner for businesses. With expertise in population health and health promotion, trusted relationships with the community and community organizations; knowledge of pathways to make policy- and system-level improvements; and expertise in data collection, analytics, and interpretation, public health departments can bring rich resources to the table.

Strengthening the vital conditions that produce health is a shared responsibility. Forming local collaborations and alliances that bring in the leadership, assets, financial resources, strategic thinking, and know-how from multiple entities and organizations in the public, private and nonprofit sectors is necessary to improve community health and increase economic prosperity.

With expertise in population health and health promotion, trusted relationships with the community and community organizations; knowledge of pathways to make policy- and system-level improvements; and expertise in data collection, analytics, and interpretation, public health departments can bring rich resources to the table.

Philanthropy

Partnerships across sectors, including public, private, and nonprofit sectors, have traditionally been viewed as reserved for large capital campaigns (as described in Chapter 4). However, with increasing frequency, communities turn to these partnerships, on behalf of a variety of issues—including health, poverty, and child development—and do so in ways that advance community health, wealth, and well-being. Foundations and philanthropies can be critical additions to these partnerships. Whether operating at the local, regional, or national levels, foundations and philanthropies are often effective partners that increase impact, contribute innovative strategies, and help align investments. They can bring rich community knowledge, long-standing relationships, and a range of resources, including investment resources, to the table to achieve shared goals.

Working with foundations and philanthropies, as with any partnership, takes a commitment and can be challenging, even for business partners. Each foundation works differently and has its own set of guidelines and funding priorities. Expectations for open communication, follow through, and strategy alignment can become mired in stifling processes that slow progress. Successful partnerships with philanthropy require leaders who are aligned with each other, understand their shared goals, and have a clear understanding of how the assembled organizations can work together.

> *"Successful companies are asking themselves not whether charity donations would build their reputation but how they can make a lasting difference in the world."*
>
> —Waterford.org

When aligned and focused on impact, philanthropies, like businesses and nonprofit organizations, invest to achieve efficient, effective actions that address societal problems and achieve shared goals. Indeed, partnerships and collaborations make success more likely. Philanthropies bring resources to the table, including funding, flexibility, adaptability, skills and experience, particular expertise (such as working with media) and high expectations. Additionally, philanthropies often have powerful networks and connections with donors, elected representatives, and community leaders that can contribute to the success of an investment.

Philanthropies operate in three ways to pursue goals and create value for the purpose of furthering a social change agenda aimed at improving communities:

1. **Organization funders** seek to nurture and drive additional funding toward specific grantee organizations that have high-performing leaders and can execute on business and philanthropic investments.

2. **Field builders** seek to grow community capacity to address community problems and focus on making that capacity resilient, sustainable, and effective.
3. **Goal aligners** are more loosely collaborative, identifying strategic overlap among philanthropic, corporate, and governmental goals and seeking to coordinate grants and investments that foster consistent progress toward an overarching goal.

Understanding which of these purposes the partnership is engaged in is essential to working effectively together, as is being clear about the value each partner brings to the table and expects to produce as a result of the partnership.

Effective partnerships and collaborations, especially in the service of complex community projects, almost always require a backbone organization to help maintain focus and provide essential convening functions, such as strategy sessions, administrative and office support, and fundraising for community programming. Overhead is essential to maintaining these kinds of routine but critical supports for community change efforts. When grantwriting to foundations or inviting foundations to the table, asking for 15–25% overhead on program grants can help to fund the administrative and office supports required to get these efforts off the ground and functioning well. Alternatively, businesses and philanthropies might step forward to serve in the backbone role or provide funding or offer space, staff, resources, and knowledge to ensure the backbone functions are delivered.

The Collaborative Model

Collaborative philanthropy, also known as impact philanthropy (Box 5.1), involves working together with other funders, businesses, nonprofit organizations, and even investors to accomplish what none of the entities might be able to accomplish on their own. By pooling together financial, technical, and knowledge resources; time; and staff, these collaborations can chart a path to solve thorny societal problems. Especially when social initiatives are embedded in a foundation's or company's long-term strategy and core operations, the organization's success may depend on the value the collaboration is able to deliver to society.

Value for businesses that engage in philanthropic collaborations can include improved employee morale, enhanced brand loyalty, expanded product reach, and financial returns on business investments, especially if the problem is addressed by way of a profitable venture. Philanthropies and nonprofit organizations accrue value as well, including greater resources for social innovation, mission fulfillment, strengthened reputation, and even strategic enhancements gleaned from business partners. For all collaborators, the achievement of the sought-after community improvement is the major value.

BOX 5.1: THE COLLABORATIVE MODEL IN ACTION

"Blue Meridian Partners [https://www.emcf.org/our-strategies/blue-meridian-partners/], launched in 2016, has raised more than $1.7 billion in investment capital from 14 funding partners and has approved a total of $350 million for its first nine recipients. 'We are trying to identify the most promising strategies, with an evidence base, that can potentially move the needle for the most disadvantaged kids in poverty in the United States,' said Nancy Roob, president and CEO [chief executive officer] of the Edna McConnell Clark Foundation and Blue Meridian Partners' founding CEO. 'We seek out leaders who have a vision for solving a national problem and help them achieve that goal by reaching the national scale required. So we measure our progress on whether or not our investments help leaders achieve that objective. And each one is different.' Blue Meridian Partners grantees work to create large-scale change in a range of fields—including healthcare, child welfare, and criminal justice."

"The core funder value proposition . . . includes surfacing promising investment opportunities, conducting due diligence, and, in many cases, building grantee capacity and monitoring grantee performance. Blue Meridian Partners, for example, supports its grantees to develop detailed scaling plans and uses these plans as a way to measure progress. George Pavlov, who directs philanthropic giving for the Sergey Brin Family Foundation and participates as a general partner in Blue Meridian Partners, explained that there is 'no way we could build the same capability for our share of the annual expenses. [Being part of this collaborative] gives us best-in-class capabilities and flexibility'."

Financial investments are a critical part of collaborative philanthropy (Box 5.2), but much more than grantmaking and gift-giving is required to achieve the desired impact (also see Chapter 3). Thus, while collaborative philanthropy demands more of the collaborators—more than just money—it is the collaboration among participants that helps to ensure the additional contributions of time, knowledge, strategic thinking, accountability, and support are spread across the participants who can remain focused on their main priority of running a business (corporate, philanthropic, nonprofit, or otherwise).

BOX 5.2: REJUVENATION OF THE HIGHLANDER NEIGHBORHOOD: A PHILANTHROPY-LED PARTNERSHIP

Highlander neighborhood is situated on 34-acres just north of downtown Omaha, Nebraska. The neighborhood, a former public housing site, consistently experienced the highest rates of crime in the state. The local housing authority partnered with Seventy Five North to redevelop the area into a mixed-income neighborhood, tying it to the turnaround of nearby Howard Kennedy Elementary School. Seventy Five North is a nonprofit organization established by The Sherwood Foundation, an Omaha-based private foundation, for the purpose of redeveloping the neighborhood. Highlander neighborhood is bordered by a local federally qualified health center and the Urban League of Nebraska, setting the stage for a rich collaboration to strengthen the neighborhood.

An award-winning community accelerator forms the heart of the revitalized Highlander neighborhood. Community accelerators are convening places for people and organizations to find project support, build networks, and develop collaborations. The accelerator hosts several amenities for residents and surrounding neighborhoods. The local private college and the community college hold courses, from basic literacy to computer science, at the accelerator. A technology center gives students and residents access to wi-fi and shared working space.

During the summer months, the Highlander neighborhood is filled with public markets, movie nights, and weddings at the event hall. Three restaurants and a bar have also opened. As a result of the evident progress, the U.S. Department of Housing and Urban Development awarded Seventy Five North and the City of Omaha a $25 million Choice Neighborhood Implementation Grant to redevelop another public housing site nearby. To date, the local philanthropic partners have committed more than $35 million to these associated redevelopment efforts, adding their funding to government funding to help produce the best possible outcomes. In addition to the capital expenses, foundation support includes program grants to a variety of local nonprofit organizations that focus on food security, education, child welfare, financial wellbeing, arts, health, and mental health.

Omaha's corporate community contributed time, expertise, and financial resources to redevelop the Highlander neighborhood. For example, a local restaurateur advised on the design and management of the restaurants at the accelerator; a senior vice president from a local business served on the board of directors of Seventy Five North; and an area developer assisted with contract negotiations for the project.

Although many foundations and philanthropies were established by business leaders, corporate philanthropy is a subset of philanthropy overall. Corporate philanthropy continues to evolve as the practice becomes more focused, more outcomes-oriented, more specifically aligned with business strategies and goals, and more deeply integrated into business operations. As part of this evolution, businesses are responding to the demands of customers while employees and shareholders are (a) seeking a competitive advantage, greater reach, and richer brand loyalty and (b) recognizing the need to share the benefits of the company—the value created—with the communities they call home or service. The rich partnerships forged through collaborative philanthropy can create success in each of these areas, for all collaborators. Philanthropy is almost always an exceptional partner when contemplating efforts to help a community thrive, to increase economic opportunity, and to unleash human potential.

Anchor Institutions

Healthcare systems and educational institutions are some of the largest employers in many states and regions of the United States. These businesses spend more than $1 trillion a year on employees and goods and services, have endowments in excess of $750 billion, and employ 8% of the U.S. labor force. These businesses have significant effects on local economies and are powerfully positioned to improve the health and economic ecosystems of the communities in which they reside.

Anchor institutions are place-based economic engines with an embedded social mission that is inextricably linked to the long-term well-being of their surrounding communities. They can be public, private, or nonprofit businesses and employers. Hospitals and universities are leading examples of anchor institutions and can play critical roles in strengthening the communities they serve by better aligning institutional resources with the needs of those communities.

An anchor mission framework is a systems approach whereby institutions use their resources—like hiring, purchasing, and investing—to intentionally improve the financial security of area residents, strengthen the local economic ecosystem by making it more economically and racially equitable, and address the community conditions that shape health. The anchor mission framework strives to build wealth for the community and meaningfully address the vital conditions of health in a community.

For example, the University of Massachusetts Memorial Health Care (UMMHC) is an anchor institution that implements the anchor mission framework. In 2017, executives at UMMHC noted the significant toll of poor social and economic conditions on community health outcomes.

UMMHC embraced the anchor framework to tackle poverty and unemployment, poor housing, lack of access to care, food insecurity, safety and violence, and other problems. After thoroughly assessing the impact of adopting and implementing the anchor mission framework, UMMHC's board of directors voted to proceed with several anchor mission strategies:

- Allocate 1% of its investment portfolio to targeted community investments with an expected return;
- Provide targeted technical training for entry-level positions for current and prospective employees;
- Intentionally recruit trainees from targeted neighborhoods; and
- Build an effective system for local purchasing.

With these strategies for anchor institutions in place, UMMHC implements best practices for sustained community impact.

The following section explore several strategies for anchor institutions and include examples from healthcare, higher education, and other businesses.

Inclusive Local Sourcing

To increase the income and economic health of local neighborhoods, anchor institutions seek to do more business with local businesses. Hospital systems nationwide spend $472 billion on goods and services annually, and institutions of higher education spend more than $43 billion annually on goods and services. Shifting even a small fraction of this spending to local, minority-owned, women-owned, or employee-owned businesses is a powerful way to improve community health and address racial, social, and economic inequities.

- **Cleveland Clinic,** located in Cleveland, Ohio, is increasing its procurement and construction purchasing from minority- and women-owned businesses and facilitating a mentor–protégé program to build the capacity of those businesses. Cleveland Clinic supports the Evergreen Cooperative, a network of start-up, worker-owned businesses in the community. Through this support, the Cooperative expanded the capacity of its laundry services business, creating 100 local jobs and building community wealth by allowing employees to share business ownership in the hospital's supply chain.

- **Metropolitan State University** in Minnesota is a member of the Central Corridor Anchor Partnership, a group of education and medical institutions aggregating demand to support local suppliers in low-wealth neighborhoods along Metro Transit's Green Line between Minneapolis and Saint Paul. The university implemented a pilot program to connect farmers in the Hmong American Farmers Association (HAFA) with the university's catering vendors. HAFA is a cooperative in Minnesota that promotes locally produced foods. A local healthcare anchor, Fairview Health East, also has a partnership with HAFA for Community Supported Agriculture programs to increase access to healthy, affordable produce for patients at several of its clinics.
- **Virginia Commonwealth University (VCU)** is committed to diversifying its procurement supply chain as part of the Commonwealth of Virginia's Small, Women- and Minority-owned Businesses (SWaM) Procurement Initiative. VCU solicits diverse businesses to participate in its procurement and encourages contractors to look for opportunities to engage SWaM firms as subcontractors. To track and assess progress on the SWaM goals, VCU maintains a public dashboard that documents outreach and participation.

Inclusive Local Hiring

To increase the income of neighborhood residents, anchor institutions often hire local employees and create pathways to turn entry-level jobs into careers, especially for those with barriers to employment and advancement. These are ways through which anchor institutions create economic opportunities for the communities they serve.

- **RWJBarnabas Health,** a network of independent healthcare providers in New Jersey, is a founding member of the Newark Anchor Collaborative. The collaborative seeks to grow economic opportunities and well-being in the City of Newark. For example, the Newark 2020 initiative aims to hire 2,020 additional Newark residents by 2020. By January 2020, RWJBarnabas Health had hired 466 residents of Newark, exceeding its goal of 350 hires.
- **Fairview Health Services** in Minnesota has an internal workforce development team to develop hiring pipelines and career pathways for employees, students, and community residents. Fairview Health Services has funded apprenticeships, on-the-job training, and tuition support for 4-year degrees and other credentials for 220 nurses and healthcare workers, including recruitment of women and members of minority groups. In addition, Fairview Health Services sponsors 200 paid internships and career pathways annually. As a result of the developmental work of Fairview Health Services, 43 residents have been

hired through the Cedar Riverside Opportunity Center, 75 students have been hired through the Central Corridor College Fellows program, and 99% of participants in the work-learn program have been retained for work.

- **Rutgers University–Newark's (RU–N's)** anchor mission is one of the highest priorities of its strategic plan launched in 2014. The plan calls for RU–N to invest in kindergarten through high school, associate, bachelor, and graduate degree educational pipelines and pathways; strong, healthy, and safe neighborhoods; arts and cultural districts and initiatives; regional economic development; and science and the urban environment. RU–N has partnered with the City of Newark and other local anchor institutions, like RWJBarnabas Health, on Hire.Buy.Live.Newark initiative to reduce poverty and unemployment and strengthen the city's economy.

Equitable Economic Development and Place-Based Investing

Anchor institutions, particularly healthcare anchors, play a unique role as place-based investors—using their long-term financial reserves locally and strategically tapping underutilized assets to fill market gaps in lending and investment. By allocating a portion of their investment portfolios to projects and aligning them with other discretionary funds, investors can combine stable returns with social impact and create long-term solutions.

- **CommonSpirit Health (legacy Dignity Health)** has an organizational policy to allocate up to 5% of its investment portfolio for low-interest loans to nonprofit organizations that are supporting community health and well-being. In 2016, CommonSpirit Health provided a $3.1-million loan to support the construction of a transit-oriented complex in central Los Angeles. The complex includes 50 permanent and 450 transitional housing units for more than 500 people experiencing homelessness.
- **Bon Secours Mercy Health** is investing up to 5% of its long-term reserve fund in community development financial institutions that serve low- and moderate-income communities. (Chapter 4 provides more details about community development financial institutions.) Bon Secours Mercy Health has worked toward achieving this target by annually increasing its asset allocation by approximately $3 million. Since instituting this policy in 2008, the health system has shifted $34 million, or about 3% of its $1.1 billion long-term reserve fund, to support affordable housing, economic development, community facilities, and other projects that benefit the health and well-being of members in the communities it serves.

Inclusive planning can improve the development of workforce pipelines and strengthen local and diverse business development. Collaborating with community residents helps to build trust with community members, allows for deeper partnerships, and shifts the anchor institution from "doing for" to "doing with" the community.

- **University Hospitals Rainbow Center for Women and Children** in Cleveland, Ohio, is a 40,000-square-foot, three-story facility designed with the help of a community advisory board to better meet the needs of the community. The board comprised about 60 members of the community, including neighborhood residents and individuals working in areas connected to community health and well-being, such as public health, education, and employment. Because of the community advisory board, a significant design element was added that provides residents with a one-stop center for their essential needs: co-locating multiple services, including health services; legal services; Women, Infants, and Children (WIC) Program office; and a pharmacy.

A Role for Businesses

Businesses of all types can serve important roles as anchor institutions, as investors, and as part of anchor collaboratives to support locally targeted job training and hiring, local procurement, and equitable development. Like health systems and universities, other businesses have relationships with the communities in which they operate, understand the reciprocal nature of healthy environments (i.e., when the community thrives, businesses thrive), and are often committed to supporting their communities. However, many businesses have not yet learned about the anchor mission framework and how they can be more socially engaged and intentionally align their resources to strengthen neighborhoods to be healthy and wealthy for the long term.

Other businesses have already engaged as anchor institutions (or joined with anchor institutions) to be part of the solution.

- **Quicken Loans,** the nation's largest mortgage lender, took an all-in stance in its headquarters in Detroit, Michigan, and found new life. In 2011, the company moved its entire Michigan workforce to downtown Detroit, including some 17,000 employees of Quicken and related companies. In the neighborhoods, Quicken's philanthropic arm has initiatives to prevent foreclosures and rehabilitate blighted homes, seed new businesses, and prepare workers to take part in the growth of specific industries.

- **Prudential Financial** is deeply rooted in the community, having conducted business for more than 140 years in Newark, New Jersey. Prudential Financial is one of several partnering organizations in Hire.Buy.Live.Newark and Newark 2020—both of which are part of an economic development vision designed to connect city residents to job opportunities. Prudential Financial is a founding member of the Newark Anchor Collaborative, which launched in 2018 to grow economic opportunities and well-being for the City of Newark. Other founding institutions include Audible.com, RWJBarnabas Health, New Jersey Institute of Technology, New Jersey Performing Arts Center, RU–N, and Rutgers Biomedical and Health Sciences. By working with diverse and committed partners to do more purchasing, hiring, and investing at the local level, more resources can be leveraged for the benefit of the local community.

- **New Orleans Business Alliance (NOLABA)** provides another model of private sector involvement and engagement with anchor institutions. NOLABA oversees the city's strategic plan for economic growth. Industry councils and working groups implement many of NOLABA's recommendations. NOLABA strives "to unite a diverse community of stakeholders to catalyze job growth, create wealth, and build an equitable and sustainable economic future for New Orleans." LCMC Health; such corporations as JPMorgan Chase, Entergy Corporation, Harrah's New Orleans Hotel & Casino, and Shell Oil Company; and such foundations as Surdna Foundation and W.K. Kellogg Foundation have invested in the strategic plan.

> *"Anchor institutions are unique in the strength that they bring to the city where they're housed, whether it's our purchasing power, the power of our employees, or the resources that we have at our disposal. This three-pronged approach is a very comprehensive way of using what's best about our institutions to create good by helping to drive inclusive economic growth for Newark's residents. Hire local—how do we think about training and employing Newark residents? Live local—how do we think about encouraging and incentivizing our employees and associates to live in the city where they're working? And buy local—how do we direct our dollars to support local businesses, which in turn are hiring local residents?"*
>
> —Lata Reddy, Head of the Office of Corporate Social Responsibility at Prudential Financial

Finally, new models of business enterprise are emerging that support community health, wealth and well-being through other frameworks and mechanisms, including employee ownership (Box 5.3).

BOX 5.3: AN EMERGING MODEL OF THE BUSINESS ENTERPRISE IN COMMUNITIES

Some mission-led, employee-owned private companies are taking other approaches to help strengthen their communities and employees. This emerging model embodies a powerful enterprise design: businesses that benefit society and larger living systems of the earth. The Democracy Collaborative calls these firms "next-generation enterprises." More than 50 of these companies operated in the United States in 2019. Employee ownership of these firms takes one of many forms, such as Employee Stock Ownership Plans (or ESOPs), worker cooperatives, or employee ownership trusts. The common best practice is that employees own at least a 30% stake in the company. These companies often have a clear and authentic mission to benefit the public, which often includes environmental and social benefits.

Next-generation enterprises range in size from only a few employees to thousands of employees. Recology, a San Francisco-based waste management and recycling firm with revenues of $1.2 billion, has 3,500 employees and is 100% employee owned. Next-generation enterprises operate across a variety of industries and include such nationally known brands as Eileen Fisher and the King Arthur Flour Company, as well as lesser known companies.

"Many CEOs of these firms are leaders in sustainability and workplace democracy. All of these companies are experimenting with multiple approaches—participatory management, multi-stakeholder governance, alternative leadership models—to create businesses that are good for employees, good for the environment, grounded in the community, and governed by a mission."

This new mission-led, employee-owned business model promotes environmental sustainability and social equity, providing a glimpse into how businesses might operate in an economy that truly embodies the values of equity, sustainability, and community.

Anchor institutions are some of the largest employers and businesses in their areas. As significant economic engines, they play an important role in catalyzing local economies and building community wealth that, in turn, improves health and economic opportunities for residents. For-profit businesses can help to build the economic ecosystems of their surrounding neighborhoods by becoming anchor institutions or supporting anchor mission strategies and engaging with anchor institutions and anchor-involved collaboratives. This is an opportunity for companies to align their values, corporate culture, staff volunteerism, and customer and community expectations with strategies that build healthy, sustainable, and thriving communities.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 5. The tools and resources were created by such businesses and organizations as American Institute of Certified Public Accountants; Centers for Disease Control and Prevention; The Democracy Collaborative; Public-Private-Partnership Legal Resource Center, World Bank Group; and others.

THE CHICKASAW NATION
Investing in Community

Community Challenge |

Imagine living in an area described as a severely distressed census tract—meaning few jobs, plenty of high school dropouts, poor housing options, high rates of incarceration, large swaths of prime-age adults not working, and a poverty rate greater than 31%. The struggle to achieve a satisfactory quality of life can be overwhelming in such a place.

Now, imagine being a part of the Chickasaw Nation, which has made extraordinary progress to lift its people out of poverty and improve opportunities in severely distressed communities. Leaders of the Chickasaw Nation have created businesses to support the tribal government and offer opportunities to tribal citizens and community members. Despite such success, the lack of broadband Internet access limits opportunities for members of the Chickasaw Nation and the larger community.

Scenario |

As a sovereign nation, the Chickasaw Nation has built a broad portfolio of businesses to generate revenues that support tribal programs and services. These economic development efforts have accelerated dramatically under the leadership of Bill Anoatubby, governor of the Chickasaw Nation since 1987, with the development of a number of businesses across several industries, including technology, entertainment, hospitality, media, and health. With a reliable revenue stream, the Chickasaw Nation began to diversify its business and social program portfolios. However, strengthening economic development, education, and healthcare throughout the Chickasaw Nation depended on reliable broadband Internet connectivity.

Action Taken |

More than 60% of people who live in the Chickasaw Nation's 13-county service area in Oklahoma did not have access to broadband Internet service. Recognizing the need to address the poor infrastructure for quality Internet service, the Chickasaw Nation Secretary of Commerce, Bill Lance, requested $14–$20 million from Governor Anoatubby to install a 250-mile fiber optic cable that would encircle the Chickasaw Nation's territorial boundaries. "To ensure we would be able to meet demand for future

generations," the Chickasaw Nation Deputy Secretary Dakota Cole said, "the decision was made to install three pieces of conduit to supply three times our estimated long-term needs."

With the governor's support, Trace Fiber Networks, LLC, launched in 2016. The name pays homage to Natchez Trace—a forest trail and trade route in Chickasaw's historic homeland in Mississippi and Tennessee. With the limited liability company, the Chickasaw Nation worked with financial institutions, undertook competitive bidding for contracts, developed a team of contracting partners, and began conversations with stakeholders. The State of Oklahoma assisted with gaining rights of way and other technical aspects of the project. The Chickasaw Nation bartered with the Oklahoma Community Anchor Network, which already had 1,000 miles of high-speed fiber across Oklahoma, to swap out fiber in places with redundancies, and learned that the Federal Communication Commission had given tribal entities the right to claim, free of charge, whitespace spectrum for high-speed Internet access. As a result, the Chickasaw Nation expected to (a) provide more than 180 locations with high-speed Internet connectivity by the end of 2020 and (b) obtain a return on investment within 7 years.

"This is just as much a story of equity as it is a story of connectivity. You can't begin to level the playing field if you don't have access to the same information," the Chickasaw Nation Undersecretary of Technology & Innovation Commerce Chris Shilling said. "This will provide a transformative opportunity for the group of citizens and individuals in rural Oklahoma that will chip away at capital inequity and education inequity that we see across the country."

Key Takeaway | For the Chickasaw Nation to succeed, its businesses have to succeed. In today's economy, a gap in broadband services can leave people behind. Leaders of the Chickasaw Nation are determined to close that divide. "Access to broadband Internet is becoming increasingly essential . . . to enhance education, economic development, housing, and career opportunities of the Chickasaw people," said Governor Anoatubby. "Enhancing these opportunities builds a foundation of prosperity that plays an important role in promoting community health."




CHAPTER 6.
Data Steps for Businesses and Partners to Address the U.S. Health Disadvantage and Monitor the Business Impact
OVERVIEW
Businesses can use a data-driven approach to improve health and economic prosperity among employees and broader communities. Based on an environmental scan of validated outcome measures, this chapter explores processes and measurements that help businesses develop programs and policies to foster health and prosperity, with a focus on those most in need.

KEY TAKEAWAYS

- Businesses use data for their operations but often overlook the use of data to understand the impact of their business on the health, wealth, and well-being of employees, customers, and communities.
- A data-driven approach to community engagement and investment
  - Can help businesses identify strategies that (a) create a healthier workforce and more prosperous communities and (b) monitor their progress in achieving specific outcomes; and
  - Offers businesses and employers a pathway to make broader improvements and measure their contributions and returns in the context of the larger ecosystem of communities and society.

Introduction

As the coronavirus pandemic of 2020 has made abundantly clear in the United States, business-as-usual is no longer an option. The solution to the U.S. health disadvantage—a disadvantage exemplified by the spread and lethality of the virus and exacerbated by unprecedented job losses (and the loss of employer-provided health insurance)—lies in expanding equitable health, wealth, and well-being for all people and places across America. Although some people were averse to the idea of shutting down parts of the economy in order to protect health, others saw an opportunity to strengthen health and the economy together. For businesses that are ready to invest in communities, this report recommends a data-driven course of action to rebuild community health and economic prosperity in the United States in ways that are good for business and good for the whole of society.

Although businesses are used to using data to inform and track their operations, they often overlook the use of data to better understand the impact of their business on the health, wealth, and well-being of their employees, customers, and communities and fail to use data to identify the best opportunities and strategies and to monitor their progress. Box 6.1 provides an example of using data to identify supply and demand for early child education, by neighborhood, to best seize business opportunities and meet consumer demand.

BOX 6.1: USING DATA TO EXPAND HIGH-QUALITY EARLY CHILDHOOD EDUCATION

Fund for Quality (FFQ) was launched in Philadelphia as an effort to expand quality childcare options in areas that are undersupplied. FFQ is a partnership between The Reinvestment Fund and Public Health Management Corporation (PHMC) with support from the William Penn Foundation and the Vanguard Strong Start for Kids Program™. FFQ works to ensure that every child—no matter what neighborhood they live in or where their family works—has access to the best possible start in life through a high-quality early childhood education.

FFQ's strategy is to invest in projects that increase the availability of high-quality childcare in the areas of the city where data show it is most needed. FFQ offers business planning support and facilities-related funding for the renovation of existing centers or expansion to new facilities. The high-impact investments are based on a neighborhood-level analysis developed by The Reinvestment Fund. The analysis identifies the gaps between the supply and demand, neighborhood by neighborhood. FFQ then targets investments that give more children the opportunity to get the high-quality early childhood education needed for a strong start. FFQ's strategy is driven by accurate information about unmet need in the community. The Reinvestment Fund is replicating this model in Atlanta.

With additional support from the Vanguard Strong Start for Kids Program and Public Citizens for Children and Youth, The Reinvestment Fund is expanding its analysis to provide more granularity on infant and toddler care—the time when important brain development takes place. Vanguard, an investment advisor based in Malvern, Pennsylvania, is increasing its childcare support by working with The Reinvestment Fund and PHMC to create financial tools and resources for early childhood education providers to improve their financial stability and guide business decision making. Known as the Early Childhood Education Fiscal Hub, the program allows providers to compare themselves to their high-performing, high-quality peers and to use those benchmarks for their own operations planning and budgeting decisions. Thanks to this robust collaboration, more children in Philadelphia will get the safe, healthy, and engaging care they need and deserve during the most critical stage of their lives.

Businesses generally have not adopted a consistent process to integrate health measures into their core planning processes. Some possible reasons include a lack of consensus about what to measure and how to measure it, and whether investing in health, wealth, and well-being improves the bottom line and leads to a return of value. What does help: simplicity, connection, and rigor in the data businesses collect and the outcomes they choose to measure. A data-driven approach can help businesses identify strategies that create a healthier workforce and more prosperous communities and to monitor their progress in achieving specific outcomes.

> *"What a society chooses to measure will in turn influence the things that it seeks. If a society takes great effort to measure productivity, people in the society are likely to focus more on it and sometimes even to the detriment of other values. If a society regularly assesses well-being, people will give it their attention and learn more about its causes."*
>
> —Centre for Bhutan & GNH Studies

Businesses are already using data to identify the needs and best interventions to improve employee (people) and community (place) health and well-being, and to monitor progress in doing so. Common uses of data by businesses include (a) understanding the health and well-being of people an employer is associated with (e.g., using Health Risk Assessments for employees and their families, and mapping data to understand the communities in which they do business); (b) selecting populations to work with or health conditions to address to improve employee health (e.g., mental health); (c) establishing measures to assess short-term impacts of improvement initiatives (including anecdotal evidence and quantitative measures); and (d) measuring system, workplace policy, and culture changes (e.g., HERO Scorecard and the WELCOA Checklist).

Several organizations help businesses analyze data in a place-based way (e.g., Geographic Information System [GIS] mapping and HERO Culture of Health). Businesses are using these data to

- Map the value chain and understand total value or total return on investment of a set of initiatives (e.g., Shared Value Initiative, and Sustainability and Health Initiative for NetPositive Enterprise);
- Develop a balanced portfolio of strategies to improve employee, community, and system well-being (e.g., Pathways to Population Health);
- Measure impact over the short-, medium-, and long-terms using process outcomes related to specific initiatives (e.g., 100 Million Healthier Lives); and
- Understand the overall impact on population health and well-being across people and places (e.g., Well Being In the Nation measures).

These emerging strategies expand the playbook for action to align with a broader array of core business practices and extend beyond employee benefits, which have been the historical provenance of wellness programs. One such strategy, the Shared Value Initiative, focuses on the following:

- "**Reconceiving products and markets:** Meeting societal needs through products and addressing unserved or underserved customers

- **Redefining productivity in the value chain:** Changing practices in the value chain to drive productivity through more efficient use of resources, employees, and business partners
- **Enabling local cluster development:** Improving the available skills and supplier base and supporting institutions in communities where a company operates to boost productivity, innovation, and growth."

Pathways to Population Health (P2PH), developed through 100 Million Healthier Lives and adapted as part of Well Being In the Nation for Business, brings these three types of action together in a connected strategic approach to improving the well-being of people and place, with a focus on those most in need. This framework supports employers to improve the health and well-being of people they directly reach (customers and employees) by improving their mental, physical, social, and spiritual well-being and the well-being of places the business relates to (in terms of location, operations, and customer base) through focused action addressing vital conditions. Importantly, P2PH focuses on ensuring resources are mobilized for those who aren't thriving, both as a priority for businesses and an opportunity to unlock human, community, and economic potential.

The Well Being In the Nation or "WIN" framework, which was released in 2019, and its associated measures, which were developed with support from the National Committee on Vital and Health Statistics with more than 100 organizations, businesses, and communities, is organized around nine core measures related to people and place and focused on those who are not thriving. The P2PH and WIN frameworks offer businesses new opportunities and strategies to enhance their impact using levers already available to them. (See Appendix B for more information on these frameworks.)

Five Steps to Identify Measures That Matter

Below is an implementation strategy for businesses seeking to create a practical and strategic measurement plan to identify and understand the impact of initiatives focused on improving community health, wealth, and well-being.

1. **Develop a process for identifying measures that matter** together with employees, customers, community partners, and people in places that are not thriving. The process of looking at one's data, understanding the stories of people in the workforce or communities who are not thriving, and developing plans together with them can offer a powerful way to improve well-being and engage with the lives of employees and communities. Change efforts that do this are far more likely to achieve sustainable impact.

2. **Choose a balanced set of process and outcome measures** that change over the short, medium, and long term. Short-term process measures and intermediate outcome measures are essential for driving improvement cycles and better align with business operations. Longer term measures are essential for knowing whether there is progress over time by focusing on long-term change, not just quick wins. Box 6.2 presents additional criteria for selecting measures that might be relevant to businesses.

BOX 6.2: CRITERIA FOR SELECTING A MEASURE

"Overall (basic information for all nominated metrics):

- Domain
- Subdomain
- Proposed metric
- Source of metric
- Link to website for more information
- Level of data available (national, state, county, subcounty, ZIP code, community, etc.)

Important

- Potential to drive improvement in health
- Potential to drive improvement in social drivers of well-being
- Potential to drive improvement in equity
- Aligned with major national/global strategy
- Potential to develop new knowledge about what creates well-being

Objective and effective

- Strong evidence that this improves health, well-being, and equity
- Valid
- Reliable
- Benchmarking available

Feasible

- Data already collected, analyzed, and reported
- Cost of additional collection/availability of resources to support collection
- Burden of collection and reporting
- Groups ready to adopt

Usable and useful

- Timeframe data changes within (rating: 3 if less than quarterly, 2 if less than yearly, 1 if yearly, 0 if more than yearly)
- Timeliness of data availability (rating: 3 if less than quarterly, 2 if less than yearly, 1 if yearly, 0 if more than yearly)
- Usefulness to communities
- Usefulness to researchers/national stakeholders
- Meaningfulness to people with lived experience
- Currently used by/could be used by? (Name initiatives/organizations actively using)
- Level of data availability"

3. **Choose outcome measures that matter** to a wide range of stakeholders and apply across initiatives (this step is also known as a materiality assessment). The WIN measures offer a great place to start (see Box 6.3 for an example). In addition to being helpful in supporting collaboration across sectors, WIN heavily emphasizes the relationship between economic prosperity and health and well-being throughout the framework, considering the well-being of both people and place.

BOX 6.3: A MEASURE OF WELL-BEING OF PEOPLE

One scale, Cantril's Ladder, asks people to rate their well-being by marking an "X" on a simple drawing of a ladder, where the bottom rung is their worst possible life and the top rung is their best possible life, today and 5 years from now. This measure has been tested for use by businesses via the Gallup-Sharecare Well-Being Index; has reliable, publicly available benchmark data by place in more than 150 countries and many counties in the United States; correlates to business outcomes that matter, such as workforce productivity; and also correlates with major population health outcomes, such as morbidity, mortality, and cost.

4. **Identify process and intermediate outcome measures** aligned with a balanced portfolio of initiatives and measures related to improving the well-being of people and places, especially for those most in need. The environmental scan (Appendix B) identifies ways businesses are working to improve each of these three areas. Process and intermediate outcome measures should be tied to the specific strategies and initiatives.
   - For example, suppose AnyBusiness, Inc., has, after conversations with employees and the community, identified access to safe and affordable housing as an urgent need in the community. AnyBusiness might consider a range of strategies to address the need, along with associated process and intermediate outcome measures.
     - Investing directly in affordable housing developments or providing rental subsidies to employees.
       - *Example process measure:* Number of employees living in affordable housing or using a company subsidy.
       - *Example outcome measure:* Percent of employee households paying 30% or more of their income on housing.
     - Offering wages to employees that are commensurate with the cost of safe, quality housing in the area and encouraging other businesses to do the same.
       - *Example process measure:* Number of businesses offering commensurate wages.
       - *Example outcome measure:* Percent of employees earning commensurate wages or higher (compared with baseline).

- Investing in outdoor lighting and neighborhood peer safety groups in areas of the community (if residents have identified this as a potential solution)
  - ► *Example process measure:* Number of outdoor lights installed.
  - ► *Example outcome measure:* Percent of residents who feel safe walking in their neighborhoods after sunset.
- Supporting afterschool leadership and job training programs for youth or other initiatives that help to build hope, community resilience, and belonging, such as the development and funding of neighborhood councils.
  - ► *Example process measures:* Number of youth engaged in afterschool programming, number of neighborhood councils funded, or number of community-generated solutions implemented.
  - ► *Example outcome measures:* Percent of community members responding "yes" to, "People around here are willing to help their neighbors," and scores on a youth well-being scale.
- Joining community revitalization efforts that preserve mixed-income and affordable housing.
  - ► *Example process measures:* Number of affordable housing units created or preserved.
  - ► *Example outcome measures:* Educational outcomes (e.g., high school graduation).
- Hiring people from the community.
  - ► *Example process measure:* Number of jobs and internships filled by people who live in particular neighborhoods.
  - ► *Example outcome measure:* Total income created in the community.

- Total return on investment, which calculates the overall impact on health, wealth, and well-being of interventions for both people and communities, offers another strategy for businesses to assess their progress over the course of their investment. Methods for valuing the well-being created by different initiatives and for modeling return over time are available. Using these methods to estimate total return on investment can help companies to select affordable strategies. Consideration should be given to investments that can leverage the contributions of others—to help drive collaboration and increase impact.

5. Prepare a measurement and learning system:

- Identify a measurement and improvement team, and together with community partners, develop a strategy map, including a theory of change and a theory of implementation based on data about the well-being of people and communities. Baseline data on measures can be found in a wide array of places. Look to prior employee surveys and culture surveys for employees' baselines. Most core measures and leading indicators in WIN are available online (http://www.winmeasures.org). The

WIN Measurement Framework presents a wide range of measures related to the well-being of people and places for each of the vital conditions.

- Set aims for major outcome and process measures and gather baseline data.
- Decide what measures will be collected or obtained, and for each one, with what frequency, who will do the collection/gathering, and how often the data will be analyzed together with stakeholders.
- Develop and implement a set of initiatives (small or large) to improve these goals.
- Bring together stakeholders within the business and community to engage in collaborative sensemaking at least twice a year—that is, to look at the data, understand the stories behind the data, reflect, and generate insight. Be sure to include employees and community residents most affected by inequities.
- Plan a path forward and reassess regularly. Leading organizations will set improvement goals within each quarter toward the longer term aim and reassess at least quarterly.

Box 6.4 describes the five steps applied to one company's journey to live out its mission and benefit a community in need.

BOX 6.4: FIVE STEPS APPLIED TO THE JOURNEY OF NEHEMIAH MANUFACTURING CO.

The Nehemiah Manufacturing Company in Cincinnati, Ohio, was founded in 2009 with the mission to "build brands, create jobs, and change lives" (https://www.nehemiahmfg.com/). The for-profit company owns several brands of its own and also manufactures products for other companies. Nehemiah planned at the outset that it would contribute to the community and thrive as a business. The company focuses on hiring "hard to hire" people. Nehemiah's journey is marked by each of the five steps to identify measures that matter.

Step 1. Develop a Process Together: Nehemiah partnered with the city of Cincinnati, community leaders, and social service organizations to select a neighborhood with people who most needed jobs and hope. They chose the West End and Over-the-Rhine areas of Cincinnati, which experienced high unemployment and few entry-level jobs.

Step 2. Choose a Balanced Set of Measures: The partners identified initial process and outcome measures that focused on manufacturing outputs, creating jobs, and hiring and retaining people from minority and low-income neighborhoods in West End and Over-the-Rhine.

Step 3. Choose Outcome Measures That Matter: As Nehemiah collaborated with local partners, it began to understand that chronic unemployment stemmed from structural and systemic inequities in people's lives. One of the greatest barriers to employment was a history of incarceration. Nehemiah decided to focus on hiring people who had a prison record or a history of drug or alcohol misuse. Nehemiah refined its goals to recruiting, hiring, and retaining "second chance" workers and ensuring they comprised the majority of the company's workforce.

BOX 6.4: CONTINUED

Step 4. Identify Process and Intermediate Outcome Measures: Nehemiah's first challenge was to identify a hiring supply chain. Nehemiah partnered with several nonprofit organizations—CityLink, St. Vincent DePaul, Jobs Plus, Beacon of Hope, and City Gospel Mission—to identify and develop potential workers with a special focus on creating supportive pathways for people to succeed. Nehemiah and its partners integrated social workers into the hiring process; created a weeklong training to help new hires get ready for work; and established biweekly check-ins with newly hired workers to build relationships and trust and to make sure the workers had the support they needed to be successful. Breaking down the steps and identifying specific process and intermediate measures showed the partnership exactly *how* they would accomplish the hiring goal. Nehemiah's process measures include the number of nonprofits supported and the number of people placed in supportive housing or treatment for substance misuse.

Step 5. Prepare a Measurement and Learning System: Nehemiah and its partners learned much about change in the community:

- Drug addiction is difficult to beat. With guidance from workers, the partners created a policy and allocated funds to support treatment and provide other types of support for workers who disclosed a relapse into drug or alcohol misuse.
- Bad credit and poor financial decisions cause substantial stress. The partners established programs to help workers resolve financial issues.
- Housing is not affordable. The partners worked with developers to build affordable housing for workers near their places of work.
- Unresolved legal issues prevent people from attending work fully. The partners collaborated with legal service firms to offer legal support to workers who needed it.

As a result of these learnings and actions, Nehemiah has given people jobs and the support they need to succeed, and has created a stable workforce with an enviable 90% retention rate. All but 10 of 179 jobs have been filled by second chance workers. By providing these jobs and the associated support, Nehemiah helps to restore dignity, hope, and well-being to people in the community who need a second chance. Nehemiah describes its workforce as one of the hardest working and most loyal in the country.

Nehemiah has combined the well-being of its business with the well-being of the community and has partnered with investors who understand that Nehemiah's mission is more than making money with a great bottom line. In addition, Nehemiah pursues its mission to impart an even stronger topline of impact on society. This combination of governance, community partnership, and continuous learning leads to a healthy business that is on the leading edge of creating well-being in the world.

Conclusions

Businesses are essential to the lifeblood of communities. This chapter offers actions, measures, and frameworks for companies seeking to do more to improve the well-being of the people they reach and the places they serve. Businesses that engage in this kind of stewardship, using data to identify the people and places to engage, the best interventions to deploy, and the sharpest measures to assess impact, have the opportunity to be leaders and influencers improving the health of employees, families, and communities and influencing broader societal conditions in a community, region, and whole country. Data-driven approaches offer businesses and employers a pathway to make broader improvements and measure their contributions to that improvement, while understanding their current engagement in the context of an even larger ecosystem of communities and society.

Appendix A: Tools and Resources

Appendix A identifies tools and resources addressing topics explored in Chapter 6. The tools and resources were created by such businesses and organizations as Health Enhancement Research Organization, Intel, Well Being In the Nation (WIN) Network, and others.

GREYSTON BAKERY
Baking With Purpose



Community Challenge | Communities are healthier when people have jobs and steady income. Healthy communities enjoy less violence and substance misuse, more family stability, and better education for their children. Tax bases increase, civic participation grows, and the very people given a chance to work at a quality job tend to give back to the community and to others. But all too often, preconceived notions and rote hiring rules leave too many people without an opportunity to gain employment.



Scenario | Zen Master Bernie Glassman noticed the number of unemployed people in the Bronx and Yonkers (New York). Job prospects were thin because of limited education, work experience, and individuals' past records of incarceration or substance misuse. In the early days of Greyston Bakery, Glassman literally pulled people off the street to help him bake cakes. When he later met and partnered with Ben Cohen and Jerry Greenfield of Ben & Jerry's Ice Cream, Greyston bakers began to provide baked goods for two of the top five flavors of Unilever's Ben & Jerry's Ice Cream.

Greyston has more than 400 people on its waiting list to become bakers. With Greyston's Open Hiring process, anyone who walks through the door can fill out a one-page questionnaire with their name, address, and phone number; affirm their willingness to work 12-hour shifts and lift 50-pound bags of flour and sugar; and confirm their eligibility to work in the United States. Applications sit on the waiting list for an average of 6 months. Once called, the new hire's first day includes an orientation and full pay and benefits. Next, he or she is offered an apprenticeship that lasts 6–9 months. Upon completion, bakers have access to union membership. "We don't care about folks' past, we want to invest in their future," said Joseph Kenner, president and CEO of Greyston.

The Open Hiring framework has been refined over time. For example, if an employee does not show up on time or stops showing up altogether, there is likely a reason—perhaps childcare issues, domestic violence, or housing eviction. Working with Westchester Jewish Community Services, Greyston created an Employment PathMaker position to provide support services to bakers. Thanks to this support, the turnover rate at Greyston was two points better than the industry average in 2019.

The Open Hiring concept pioneered by Greyston has benefited members of the southwest Yonkers community, and Greyston now wants to take this hiring approach to other businesses, with the goal of helping them make their hiring practices more inclusive.



Action Taken | Greyston launched the Center for Open Hiring in June 2018 to train and provide tools to businesses. Business leaders cite liability insurance and fears of violence among the most frequent barriers to adopting an open hiring concept. "Our premiums and liability rates are no different from any other manufacturer," Kenner said. "It's not total chaos at the bakery!" Another hurdle for businesses is the belief that the hiring practice hurts turnover rates. "Yet these very same managers will go through extensive interviews and costly background checks and some people don't work out either," said Kenner. "Wouldn't it be better to invest in helping people succeed instead of keeping people out?" As a measure of early success, a 3,000-store beauty retailer adopted Open Hiring at its North American distribution center, generating a 60% reduction in employee turnover.



Key Takeaway | If given an opportunity and the training, large segments of the unemployed population will succeed in the workplace. But many of them are excluded because of their backgrounds or other factors that say nothing about their abilities to be successful on the job. "If you make these types of investments, you are going to learn new things about your employees," Kenner said. "Folks want to feel like someone is invested in them, and that's a huge piece of what open hiring is—everybody has a place." Companies can start by Open Hiring one person for an entry-level position.

CHAPTER 7.

A Way Forward for Community Health and Economic Prosperity

OVERVIEW

The health status of American workers and participation in the labor force have been declining for decades. Businesses can play an important role to reverse this trend by simultaneously expanding community health and economic prosperity. This chapter outlines a path toward a well-being economy that can reverse poor health outcomes and sustain hard-won gains. The path is built on business engagement with stakeholders to produce shared value, working together as stewards of health, wealth, and well-being in a common world.

KEY TAKEAWAYS

- Businesses and employers are stakeholders in their communities, and communities are stakeholders in businesses.
- To enhance community health and economic prosperity over the long term, businesses may choose to
  - Produce goods and services and operate in ways that expand the vital conditions that all people and communities require;
  - Create shared value for companies and communities by combining social purpose with business opportunities; and
  - Engage all stakeholders to achieve the best long-term value for those upon whom business success depends (i.e., stakeholders).
- Businesses of all types and sizes can execute one or more of seven concrete business strategies in the short term to engage with and invest in communities. Businesses may select the engagement and investment options that best suit the needs of their stakeholders and their business.
- Given the powerful role of business in the United States, even sweeping efforts to strengthen and sustain community health and economic prosperity will not be sufficient without associated actions by business.

Introduction

To begin to address the U.S. health disadvantage (Chapter 1) and to strengthen communities to support vibrant employees, families, and residents (Chapter 2), businesses and employers must act to ensure a sustainable and equitable capitalist democratic future for themselves and for society.

Businesses and employers are stakeholders in their communities and also serve communities as one of the many stakeholders whose interests they seek to enhance as they strive to prosper (Chapter 3). In collaboration with community changemakers (Chapters 4–5), businesses have opportunities and responsibilities to create shared value (i.e., value for the business and the community), join with others to effectively steward systems (e.g., healthcare systems, service delivery systems, governmental policy making systems, tax and regulatory systems, banking and financial systems, ecological systems) in the interest of thriving communities and people and to

produce prosperous business environments. Businesses have opportunities and responsibilities to do well by doing good, and to nurture systems to better align private value and public good to the benefit of all.

Americans know a great deal about what it takes to expand health, wealth, and well-being on a massive scale. Across the country and around the world, modern innovations have done more to add years of healthy life and lift millions of families out of poverty over the past two centuries than in the previous 19 centuries combined. But even after such impressive progress, all is not well. Past advances are insufficient, and many problems are getting worse. Hard-won gains remain fragile or are reversing; whole groups of people have been harmed or left behind while others have benefitted (see Box 7.1); and responses are slow to an increasingly complex set of intertwined threats that endanger both people and planet—and therefore, profit. As noted in Chapter 1, life expectancy in the United States is barely recovering from a downturn not seen since World War I, and for the first time in U.S. history, members of today's youngest generation may not live longer, more prosperous lives than their parents.

BOX 7.1: LEGACIES OF UNTAPPED POTENTIAL

Most modern achievements have not benefitted everyone in the United States. Many advantages have been systematically denied to certain groups. For example, while racial segregation has been illegal for 65 years, America's public education system continues to produce substantial disparities in educational achievement, largely driven by residential segregation and racial/ethnic differences in family socioeconomic resources. Such differences leave harmful effects on health and prosperity over generations.

Virtually every achievement in the modern era has been diminished by stark differences between those who benefit and those who do not. For example, although women make up an increasing share of the labor force and a majority of college graduates, they are underpaid, underrepresented in senior-level positions, and less likely to be members of boards of directors relative to men overall and men with similar education, experience, and work performance. African Americans, Hispanics, American Indians, and Alaska Natives of both sexes are underrepresented and undervalued in the workforce to an even greater degree relative to White men. Times have changed for many people, but a vast amount of human potential remains untapped that could contribute to full and fair inclusion for everyone in America.

Businesses as Creators of Sustained Value

All people depend on vital conditions to reach their potential for health, wealth, and well-being (see Chapter 1, Box 1.1 and Table 7.1). However, these vital conditions are not shared equitably and are currently under threat in many communities across the country, as well as for future generations. Businesses, in partnership with others, can play a profound role in securing these vital conditions, which in turn would reverse the U.S. health disadvantage and help to ensure the fair opportunities that businesses and society need to survive and thrive. Businesses can (a) produce goods and services and operate in ways that expand the vital conditions that all people and communities require; (b) create shared value for companies and communities by combining social purpose with business opportunities; and (c) engage all stakeholders to achieve the greatest long-term value for all those upon whom business success depends. Each of these, alone and together, would enhance community health and economic prosperity. Businesses can integrate these activities into their business operations. Doing so, this report argues, will help businesses compete more effectively and generate value for businesses and society.

Table 7.1 Outstanding threats to health, wealth, and well-being that require combined efforts to resolve (2020–future)

Vital conditions	Outstanding threats[a]
Basic needs for health and safety	▪ Aging population, caregiver strain ▪ Addiction (tobacco, alcohol, opiates) ▪ Adverse childhood experiences ▪ Antibiotic resistance ▪ Hunger, food insecurity, junk food ▪ Physical inactivity ▪ Gun violence ▪ Severe physical illness (heart disease, stroke, cancer, chronic obstructive pulmonary disease, diabetes, obesity, asthma) ▪ Severe mental illness (anxiety, depression, dementia, trauma, toxic stress) ▪ Emerging infectious diseases, pandemics, genetically engineered pathogens ▪ Lack of health insurance, inadequate care
Life-long learning	▪ Illiteracy ▪ Failing schools, high school dropout ▪ Unaffordable college tuition ▪ Mismatched skills vs. new kinds of work ▪ Inadequate early childhood development ▪ School-to-prison pipeline ▪ Disinformation, pseudoscience

Table 7.1 Continued

Vital conditions	Outstanding threats[a]
Meaningful work and wealth	▪ Economic inequity, concentrated wealth ▪ Low wages, unfair pay, multiple jobs ▪ Unemployment, underemployment ▪ Poverty ▪ Household debt ▪ Insecure retirement ▪ Workforce automation
Humane housing	▪ Homelessness, unaffordable housing ▪ Residential segregation ▪ Displacement, gentrification
Thriving natural world	▪ Climate catastrophes (flood, fire, wind, drought, heat, cold, species extinction) ▪ Pollution (air, water, soil) ▪ Unsustainable energy, natural resource depletion ▪ Disconnection from nature
Reliable transportation	▪ Aging infrastructure ▪ Automobile-centric design ▪ Traffic congestion, long commute time ▪ Hazards for health, safety, environment
Belonging and civic muscle	▪ Modern slavery, human trafficking ▪ Racism, sexism, classism ▪ Authoritarianism, fascism, anarchy, lawlessness ▪ Refugee crises, immigration ▪ Violence, especially against vulnerable persons (women, people of color, poor, youth, elderly, immigrants, LGBTQ+, etc.) ▪ Loneliness, isolation, distrust, disconnection ▪ Suicide ▪ Bullying, hate crimes ▪ Mass incarceration ▪ Invasion of privacy ▪ Low voter turnout ▪ Government and corporate fraud, ethics violations ▪ War, terrorism

Note: **LGBTQ+** = lesbian, gay, bisexual, transgender, and all-encompassing representation of sexual orientations and gender identities.

[a] Many threats are intertwined, and different people experience different threats in different regions. While they undermine health, wealth, and well-being for everyone over time, the threats almost always inflict greater harm on the most vulnerable groups (e.g., people of color, people in poverty, women, immigrants, and other disadvantaged groups).

Recognizing that "a thriving company requires thriving communities" and that businesses play an important role in addressing shared societal challenges, businesses acting as stewards, creating shared value, and engaging stakeholders can be rewarded with a range of benefits or types of value, including

- Healthier workers and lower healthcare costs,
  - For example, annual healthcare costs to employers for employees with diabetes are more than $4,000 higher than for employees without diabetes;
- More productive on-the-job employees,
  - For example, workers who live in healthier communities are more likely to arrive at work on time and have fewer unplanned absences than workers who live in less healthy communities;
- Greater ability to recruit and retain talent,
  - For example, four business exemplars described in this report (Belden, Inc., Greyston Bakery, Bank of America, and Hyatt Hotels) point to specific community-strengthening strategies that substantially reduce recruitment costs and increase retention rates;
- Greater brand recognition and more loyal customers,
  - For example, in a Nielsen survey, 66% of respondents said they are willing to pay more for products and services from companies committed to positive social and environmental action; According to a Cone/Porter Novelli study, 88% of consumers would buy from and 66% would switch purchases to a purpose-driven company;
- Greater profitability,
  - For example, according to one analysis, publicly traded companies with a stated purpose, generous compensation, and quality customer service that invest in their communities and minimize their adverse impact on the environment outperform less values-focused companies by a factor of 10.

Beyond the value that accrues to a company, the societal value, as business investment and engagement become more widely practiced, has the potential to advance the United States closer toward its founding ideals as a land of equality and opportunity. Unlike conventional leaders, those who choose to nurture healthy and inclusive systems—as "system stewards"—tend to think about purpose, power, and resources in distinctive ways:

- **Purpose** is larger than oneself or one's own organization;
- **Power** is built and distributed with others, not consolidated; and
- **Resources** are invested, not withheld, to create long-term value and to alleviate urgent needs.

Any person or organization can be a steward if they are willing to work with others to create conditions that expand health, wealth, and well-being. In a country as vast and diverse as the United States, stewards work through a mosaic of cultures, corporate climates, and local circumstances that stretch across boundaries and spheres of influence. Leaders and changemakers in business and society work across differences and collaborate with others, including other stewards, to build thriving communities and vibrant economies.

The belief that corporations have no inherent social responsibilities, popularized 50 years ago by Milton Friedman, has since broken down (as noted in Chapter 3), as approaches like social investing and corporate social responsibility emerged in the 1970s and 1980s and as companies became more attentive to metrics and rating systems focused on the environmental, social, and governance aspects of corporate performance. Environmental, social, and governance metrics are becoming more widely reported and examined by investors, consumers, and employees. As illustrated by several exemplars in this report, some businesses recognize—in their role as members of society and as stakeholders in communities—that their own success depends on strengthening the vital conditions on which businesses, employees, customers, and consumers all depend.

In fact, a broad coalition of the world's largest companies, asset holders, and asset managers (together controlling more than $30 trillion) has publicly declared that all companies must show how they contribute to larger social goals, or risk losing financial support. As the flaws in Friedman's logic become increasingly obvious, business leaders are repositioning their firms to compete on the basis of how well they generate sustained value for all stakeholders, not just a small group of shareholders. These business leaders could join together to become some of the strongest system stewards, advancing societal good, creating shared value, and meeting the needs of stakeholders.

Some companies are embracing the concept of creating shared value—that is, value gained by the company while serving a community need or solving a community problem (as described in Chapter 6). Specifically, creative and innovative business leaders are seeing business opportunities in achieving social goals and are solving social problems as a means of making money. Whether investing in local entrepreneurs to strengthen and increase efficiencies in local supply chains (thus creating local jobs and strengthening the local economy); establishing pathways to employment for the homeless, the formerly incarcerated, or those without a high school diploma (thus filling critical entry-level positions with career ladders less expensively and with less turnover); or developing a product that meets a community need and earns a profit, some companies are discovering shared value is a win for both business and community.

Although stakeholder theory (described in Chapter 3) is not new, it has sometimes been managed as not much more than a risk mitigation exercise. More recently, companies are recognizing that successful businesses tend to be those that (a) engage with all stakeholders required for the business to exist—employees, customers, vendors and suppliers, the communities in which they reside or conduct business, investors and shareholders, and others—and (b) ensure value for each stakeholder (e.g., Box 7.2). These are companies that integrate stakeholder engagement into business operations and company strategies, ensuring that relevant stakeholders provide input and feedback across all aspects of the delivery of goods and services. Although the goal may be to build a stronger, more successful, and more resilient business, the outcome may be progress toward a more equitable society.

As with system stewardship and shared value, stakeholder engagement contributes to a more collaborative, networked, and strategic business enterprise and more inclusive, resilient, and sustainable communities, where the interdependence between business and society is embraced and strengthened to mutual advantage.

BOX 7.2: PROFILE OF JUST CAPITAL

To build a more just marketplace that better reflects the priorities of the American people, JUST Capital

- **Asks** people how they want companies to behave,
- **Rates and ranks** firms to show how well they meet expectations, and
- **Offers investments** in the most just companies.

Just companies not only make more money (about 6% higher return on equity), they also pay workers better, have safer workplaces, create more U.S. jobs, give more to charity, produce less waste, and yield other benefits.

Advancing Business Goals by Meeting Stakeholder Needs and Creating Shared Value

Business have taken a variety of actions to improve community health and increase economic prosperity for their own benefit and the benefit of their stakeholders and society at large. This section provides nearly a dozen examples of businesses and the actions they have taken to meet stakeholder needs and create shared value while solving a business problem or securing a return of value to the business.

A common strategy is to consider the needs of the community when solving business problems and choosing and implementing solutions that also strengthen the community. Belden Inc., Greyston Bakery, and Bank of America have taken this approach as they sought to fill job vacancies

KEY TAKEAWAYS

- Low-opportunity neighborhoods are plentiful across the United States and are often found in proximity to high-opportunity neighborhoods.
- Low-opportunity neighborhoods lack the vital conditions necessary for health, wealth, and well-being, and they diminish the life chances of the people who live in them, particularly children.
  - Compared with children in higher opportunity neighborhoods, children in lower opportunity neighborhoods attend preschool and graduate from high school at lower rates, have fewer green spaces, experience more days of extreme heat, and are more likely to lack health insurance and to live in homes with incomes below the federal poverty level.
  - Across the United States, differences in life expectancy between high- and low-opportunity neighborhoods can be as high as 25 years.
- Lack of educational opportunities (from early child development to higher education) and lack of economic opportunities (jobs, job skills, career pathways, and family-sustaining incomes) contribute to the U.S. health disadvantage.
- The intertwined health and economic disadvantages are substantial for business and society.

A Tale of Two Communities

Imagine a community where children have access to a high-quality preschool. When these young children get older, they attend excellent schools in their neighborhood.[5] Student achievement in reading and math is high in these schools, and superb high school graduation and college enrollment rates signal to youth that education is valued and attainable. The community is home to community centers, parks, and green spaces and offers easy access to healthy food retailers and other resources, such as banks and childcare. The community also enjoys an environment with low levels of pollution, high rates of employment and civic engagement, and low rates of poverty and crime. Parents of these children enjoy good jobs and short commute times to work. Communities with these characteristics are known as high-opportunity neighborhoods.

[5] The terms *neighborhood* and *community* are used interchangeably in this report.

Compared with families living in lower opportunity communities, families living in high-opportunity neighborhoods have more economic resources and reap significant, but often underappreciated, benefits, such as being able to spend more time raising children and less time commuting to work or working multiple jobs. An advantaged community is not defined only by the above features, but many would agree that such a community offers enhanced opportunities for children to grow and develop into healthy and productive adults. Many high-opportunity neighborhoods exist in the United States, and many children grow up and thrive in these types of communities.

However, many communities across the country look different. If preschools exist, they are poor quality. Student achievement in neighborhood schools is low, and norms and expectations about high school graduation and college attendance are weak. Green spaces and healthy food retailers may not exist or may be rare, and levels of environmental pollution are high. Employment options are few, transportation is unreliable, and the rates of crime and poverty are high. Communities with these characteristics are known as low-opportunity neighborhoods. Children who grow up in low-opportunity neighborhoods often face more challenges than their peers who grow up in high-opportunity neighborhoods. As a result, these children can grow into less healthy, less educated adults.

These descriptions match two actual neighborhoods that are adjacent to each other in a U.S. metropolitan area (see Box 2.1). The differences in the opportunities available to children in these two communities play out in many neighborhoods across the nation, and these differences have serious consequences for the abilities of children to achieve their full potential. Health and life expectancy differences between low-and high-opportunity neighborhoods—even those in close proximity to each other—are stark.

Healthy community environments are essential to support the development of human capital. Such environments contribute to a productive workforce and strong local markets.

Neighborhood, as an environment, provides a critical context in which children can develop in healthy ways, and it influences the life chances of children as they grow into adults. The family environment imparts another strong influence on the development of children, but families function in a context established by a community's ability (or not) to provide resources and conditions that shape health. Healthy community environments are essential to support the development of human capital. Such environments contribute to a productive workforce and strong local markets.

BOX 2.1: A TALE OF TWO REAL COMMUNITIES LESS THAN 3 MILES APART (REPRESENTATIVE OF MYRIAD SIMILAR COMMUNITIES ACROSS THE UNITED STATES)

Neighborhood A (high opportunity)

With two high-quality early childhood education centers nearby, children in Neighborhood A get a jumpstart on the education ladder. Nearly two-thirds of 3- to 4-year-olds attend preschool. Math proficiency is almost universal (95%) among fourth graders. Four of every five adults 25 years of age and older have a college degree. A community rich in highly educated adults may increase expectations among children for their own education and work prospects and may positively influence their attitudes and actions about college attendance.

With so many highly educated adults, the neighborhood's unemployment rate in 2019 (3.8%) is less than half that of the entire metropolitan area (9.8%). and the poverty rate (9.6%) falls considerably below the average (17.1%) for the metropolitan area.

The neighborhood also hosts a variety of healthy resources. For example, several parks and green spaces offer areas in which children can engage in physical activities, which may reduce the chances of obesity and associated health problems. Most of the neighborhood's food establishments are considered healthy food retailers, which increases access to proper nutrition. Healthcare facilities are plentiful and close by. In fact, 178 healthcare facilities are located within 2 miles of Neighborhood A, making it closer in proximity to healthcare resources than 94% of all neighborhoods in the metropolitan area. This proximity to healthcare providers likely reduces travel times for people seeking healthcare, which in turn yields greater utilization of routine healthcare services and lower utilization of emergency room care.

Neighborhood B (low opportunity)

Children in Neighborhood B face a host of obstacles to opportunities and well-being. Only 9% of 3- to 4-year-olds attend preschool, and not one high-quality early childhood education center is nearby. By fourth grade, almost two-thirds of students are not proficient in math, limiting their future math achievement and their subsequent college attendance and labor wages. Among adults 25 years of age and older, only one in five have earned a college degree.

Low levels of education are accompanied by high levels of unemployment and poverty. One-third of adults are unemployed, which may affect youth's expectations of their own employment prospects and result in weaker networks of employed adults who can help young people find jobs. Nearly 60% of residents live below the poverty line, and 92% of students are eligible for free or reduced-price lunch at school. Such concentrated poverty in neighborhoods and schools is associated with poor physical and mental health, as well as low student graduation rates and future earnings.

The physical conditions and resources in Neighborhood B pose further challenges. A staggering 23% of housing units are vacant. High rates of housing vacancy are positively associated with increased crime, risk of fire, and drug use. Housing vacancy also increases property maintenance and decreases home values in nearby areas, thereby reducing household wealth overall.

Food establishments in Neighborhood B are not considered healthy food retailers, which is a source of concern because lack of access to healthy food is associated with health problems and obesity in children. Further, the availability of nearby healthcare facilities ranks in the lowest 25% of all neighborhoods in the metropolitan area.

How Communities Affect Health

The striking contrast between the two communities described in Box 2.1 is a powerful example of the large differences in conditions that promote health across the country, differences that sometimes exist between neighborhoods that are next to each other. Neighborhood features influence health and well-being through biologic and social mechanisms. For example, high levels of pollution may lead to a higher prevalence of childhood asthma, and high levels of crime or disrepair may increase the risk of physical injury and personal stress. On the other hand, the presence of healthy food retailers gives opportunities for residents to consume healthier foods, and green spaces provide opportunities for residents to engage in physical activities and to achieve a greater sense of well-being.

Social and environmental conditions in the neighborhoods in which children live and grow shape their health and affect their life chances. Although families certainly go beyond their neighborhoods to find resources and amenities, their immediate living environment is a powerful influence on children's prospects in adulthood. Children who grow up in high-opportunity neighborhoods, like Neighborhood A in Box 2.1, have better chances of living long, healthy, and productive lives as a result of specific characteristics, such as better schools, positive social networks, safer environments, and less exposure to adverse behaviors. Supportive institutions, such as high-quality early education centers, positively influence child development and parents' abilities to work and their stress levels and parenting behaviors. Children's access to good schools can influence their decisions about the future, such as choosing to pursue higher education and working hard to attain that goal. Social networks, social cohesion, and social control affect health indirectly by influencing social factors that affect health. For instance, peer influences and role models affect youth development and outcomes later in life related to education, employment, and income. Absence of these features diminishes life chances for children who grow up in neighborhoods like Neighborhood B in Box 2.1. Children, families, and neighborhoods win or lose depending on the resources and conditions around them in the community. Society at large and government and businesses also win or lose as access to nearby resources fosters or diminishes opportunities for human potential.

The community level is not immune from outside influences. For instance, economic forces (e.g., regional housing and labor markets) and federal, state, and local policies (e.g., land use zoning, public school funding) that operate above the community level ultimately shape the community's infrastructure and resources. The history of redlining illustrates the potent impact that decisions by public and private actors can have on community investment or disinvestment, and thus on community resources and characteristics (Box 2.2).

BOX 2.2: WHAT WAS REDLINING?

Redlining was a broad and far-reaching legal discriminatory practice that led to negative and long-lasting decisions to underinvest in minority communities. Communities that were redlined experienced decades of disinvestment and neglect. In 1933, in order to avert housing foreclosures during the Great Depression, Congress created the Home Owners' Loan Corporation (HOLC) to refinance mortgages that were in default. In 1935, to develop a national mortgage lending market, which had previously been based entirely on local knowledge and relationships, the Federal Home Loan Bank Board asked HOLC to create "residential security maps" in 239 cities.

The maps indicated various levels of security for real-estate investments. These maps had a large influence on the level of investment in communities. Different colors on the maps reflected the estimated level of risk of making loans in those neighborhoods. Areas colored yellow were characterized by "obsolescence and infiltration of lower grade population," and areas colored red were considered "hazardous" and described by HOLC as "characterized by detrimental influences to a pronounced degree, undesirable population, or an infiltration of it." HOLC recommended lenders either not make loans in these areas or grant loans on a very conservative basis. Notably, the risk level of an area closely mirrored the racial composition of its residents, as neighborhoods with predominantly minority, immigrant, or mixed populations universally received higher risk scores. For example, the inhabitants of a "hazardous" D-rated neighborhood in Brooklyn, New York, (colored red in the map) were listed as clerks and laborers with 30% foreign-born of Jewish-Irish predominance. Clarifying remarks about the map stated, "Colored infiltration is a definitely adverse influence on neighborhood desirability although Negroes will buy properties at fair prices and usually rent rooms." As a result, these scores and descriptions strongly reinforced disinvestment in such communities.

Current geographic patterns of concentrated disadvantage and prevalence of health problems closely follow the redlining maps of the past. Communities that were redlined in the 1930s share many of the same traits as neighborhoods like Neighborhood B around the country today (and would benefit from investment attention).

Today, on average, formerly redlined areas are 28% Black, and 8% of African-Americans live in formerly redlined neighborhoods. Thus, addressing the needs of only the formerly redlined neighborhoods would likely miss many of the people who most directly experienced the decades of disinvestment. Tackling place-based inequities is only one facet of tackling race-based inequities. Finally, many rural and smaller communities (including some that have grown tremendously since the 1930s) were not included in the HOLC maps. Although redlining—based on those HOLC maps—is an important part of the history of neighborhood disinvestment, it is not the whole story.

Redlining is just one example of the serious consequences that policy decisions have on the well-being of communities. Concentrating investments (by businesses and employers, community development corporations, large investment firms, and others) in low-opportunity neighborhoods can help to reverse the long-standing history of discrimination and disinvestment and the resulting economic and health disparities found in low-opportunity neighborhoods. Such investment, this report argues, will improve neighborhood conditions; increase opportunities; and strengthen health, wealth, and well-being for residents and communities.

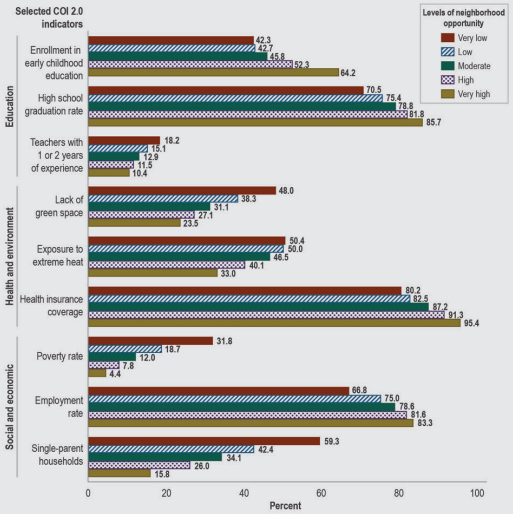
How Health Differs Across Communities

Neighborhood A and Neighborhood B, as detailed in Box 2.1, represent two extremes of the considerable variability in resources and conditions available for healthy living in the United States. These extremes—as well as conditions in the middle—exist in virtually every U.S. city, metropolitan area, suburban area, and rural area. An examination of this variation provides insight into the experiences of people living in different communities and into the costs to society of community environments that do not support healthy living.

One approach to quantifying the enormous variation is the Child Opportunity Index (COI) 2.0, a composite measure of child neighborhood opportunity for virtually all U.S. census tracts including urban, suburban, and rural areas. COI 2.0 combines information on 29 indicators in three domains: Education, Health and Environment, and Social and Economic. The COI was created after ranking all 72,000 neighborhoods in the United States. The neighborhoods were divided into five levels of child neighborhood opportunity: very low, low, moderate, high, and very high.

Figure 2.1 shows selected indicators for children by level of child neighborhood opportunity. The intertwined health and economic disadvantages facing children who grow up in neighborhoods like Neighborhood B across the country are indeed severe.

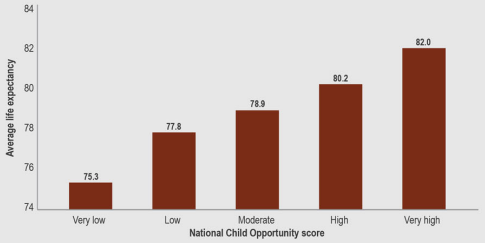
Figure 2.1 Features of neighborhood opportunity for the average child based on selected COI 2.0 indicators for the 100-largest U.S. metropolitan areas



Note: **COI =** Child Opportunity Index.

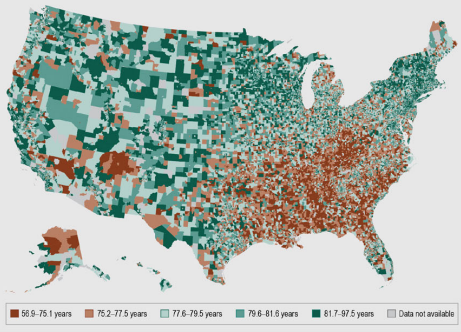
Health and life prospects also differ substantially between residents of very-low and very-high-opportunity neighborhoods. Across the 100-largest U.S. metropolitan areas, life expectancy differs by 7 years between residents in very-low- and very-high-opportunity neighborhoods (75 vs. 82 years life expectancy) (Figure 2.2). Throughout the United States, differences in life expectancy across census tracts, which in some cases are just a few miles apart, can be as high as 25 years (Figure 2.3).

Figure 2.2 Child neighborhood opportunity level and average life expectancy at birth in the 100-largest U.S. metropolitan areas



Notes: Life expectancy is the average number of years a person can expect to live at birth for individuals born in a given neighborhood (Census tract) for the years 2010–2015. Each neighborhood is assigned to one of five opportunity levels (very low, low, moderate, high, or very high) based on its COI 2.0 score. Each opportunity level contains 20% of the U.S. child population. Average life expectancy at birth was calculated across all Census tracts with the same opportunity level weighted by the population of children 0–17 years of age in each tract.

Figure 2.3 Life expectancy at birth for U.S. Census Tracts, 2010–2015



Implications of Health Inequities for Communities

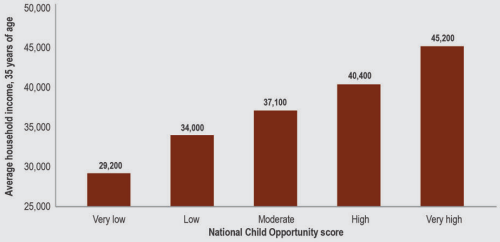
Where people live profoundly shapes their health, opportunities, and longevity. Nearly 10 million children live in very-low-opportunity neighborhoods within the 100-largest U.S. metropolitan areas. The majority of African American (66%) and Hispanic (59%) children live in very-low- or low-opportunity neighborhoods. Conversely, the majority of non-Hispanic White (66%) and Asian (62%) children live in high- or very-high-opportunity neighborhoods, reinforcing racial/ethnic differences in health outcomes and economic opportunities (calculations are based on data from the COI 2.0).

The costs of highly unequal access to neighborhood opportunity include reduced human capital, reduced economic productivity, lower educational achievement, less participation in the labor force, and lower potential for higher incomes as adults.

The costs of highly unequal access to neighborhood opportunity include reduced human capital, reduced economic productivity, lower educational achievement, less participation in the labor force, and lower potential for higher incomes as adults. Disparities in educational achievement are linked directly to levels of child neighborhood opportunity. Children with similar family structures, family incomes, and levels of parental education are more likely to drop out of high school and to have a teenage pregnancy if they grow up in high- versus low-poverty neighborhoods. Access to neighborhood opportunity also affects a person's ability to climb the socioeconomic ladder. Socioeconomic mobility refers to the place in the household income distribution that people attain as adults compared with the place in the income distribution that their parents attained. A child growing up in a home at the 25th percentile of parent income in a low-opportunity neighborhood will likely have an annual income at 35 years of age that is $17,000 less than the income of a child who grew up with similar family characteristics but in a high-opportunity neighborhood ($29,000 vs. $46,000 annual income, in 2019 dollars, representing a 37% reduction in annual earnings, with associated implications for consumption of goods and services) (Figure 2.4).

Socioeconomic mobility in the United States has declined steadily. The proportion of children earning more than their parents fell from 90% for children born around 1940 to 50% for children born around 1980. Restoring economic opportunity for more Americans would result in an increase in those with higher incomes and in higher standards of living, more consumption, and more social cohesion—all of which have enormous implications for economic prosperity. Improving neighborhood opportunity may be a promising strategy for promoting socioeconomic mobility.

Figure 2.4 Child neighborhood opportunity level and socioeconomic mobility by adult household income (U.S. dollars) at 35 years of age among children growing up in households at the 25th percentile of the parent income distribution in the 100-largest U.S. metropolitan areas



Notes: Average household income (2019 U.S. $) captures the household incomes of 35-year-old persons born between 1978 and 1983 with parents at the 25th percentile of the parent income distribution. Average household income is measured at the census tract level and is based on information of the individual's place of residence during childhood and adolescence. The underlying data are published as average ranks in the household income distribution at 35 years of age, which was cross-walked by the Opportunity Atlas team to the minimum income (in U.S. $) at each rank. Child neighborhood opportunity levels, measured in 2015, are based on the COI 2.0, a composite index of neighborhood opportunity for virtually all U.S. census tracts. Each neighborhood is assigned to one of five opportunity levels (very low, low, moderate, high, or very high) based on their COI 2.0 score. Each level contains 20% of the child population. Average household income was calculated at 35 years of age by averaging household incomes (in U.S. $) across all census tracts with the same opportunity level using as weights the population of children 0–17 years of age in each census tract. **COI** = Child Opportunity Index.

Summary

The health and social costs of living in a low-opportunity neighborhood radiate throughout the economy, reducing labor force productivity and availability and limiting consumption. Smart investments by leaders and decisionmakers at the federal, state, and local levels and by businesses and investors hold significant potential for enabling more children to thrive and become healthy and productive adults by both improving conditions in low-opportunity neighborhoods and creating real options for individuals and families who dream of moving to higher opportunity neighborhoods. (Chapter 4 describes examples of such community investment

and introduces the community actors who facilitate such investments.) The payoff of creating or improving access to higher neighborhood opportunity accrues to children and can improve their life prospects as adults, and accrues to society as a whole in the form of improved health status, lower healthcare costs, higher productivity, and greater economic mobility.

Accomplishing these gains will require addressing vast inequities across neighborhoods and investing in the broader conditions of the everyday lives of Americans. Chapter 3 argues why it is part of the purpose of business to do so, while Chapter 4 sets out options for investing in communities for business leaders to consider.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 2. The tools and resources were created by such businesses and organizations as Aspen Institute, Child Welfare Information Gateway, U.S. Economic Development Administration, and others.

PARTNERSHIP FOR THE BAY'S FUTURE
A High-Impact Model for Investment

Community Challenge | Because of the success of the Bay Area of Northern California as a hub of technological innovation, land and housing costs have risen substantially in Silicon Valley. There, two breadwinners working full-time at $15 an hour—or $62,000 a year, which is close to the U.S. median household income—can afford to live in only 5% of Bay Area neighborhoods. This situation strains the health and well-being of lower- and middle-income families; major employers, including the "tech giants," also feel the pressure. These employers recognize that their operations require a diverse labor market (e.g., maintenance technicians, administrative assistants, food-service workers) and that a community becomes unlivable for everyone when it cannot provide quality affordable housing for teachers, first responders, nursing assistants, transit operators, and others. Because the Bay Area expects nearly 1 million new jobs in the next 20 years, quality affordable housing for people from a variety of incomes is essential to continued growth.

Action Taken | Partnership for the Bay's Future is a novel collaborative that addresses these concerns, beginning with the urgent need for housing. The partnership includes local tech companies Facebook and Genentech, the managed care organization Kaiser Permanente, financial services giant JPMorgan Chase, as well as the San Francisco Foundation, the Ford Foundation, Local Initiatives Support Corporation, and others. With a combination of equity and loans, the partners have capitalized a new investment fund of more than $300 million, which is attracting additional fund investors with competitive returns.

The goal is to pool $500 million and, through a variety of new financing products, invest those funds across five Bay Area counties to preserve existing and build new affordable homes, help middle-income workers with housing costs, and fast-track the process of providing safe and stable homes to those experiencing homelessness in the Bay Area.

The fund offers small- and medium-sized community development corporations lines of longer term credit typically available only to large developers. The fund's first transaction offered a revolving line of credit that helped the East Bay Asian Local Development Corporation, a community development corporation with deep roots in the community, quickly buy property for six projects over 5 years.

Key Takeaway | The Partnership for the Bay's Future illustrates the enormous promise of investment partnerships among public, private, and nonprofit stakeholders. Investment partners need not become developers or housing finance experts. Instead, community development financial institutions bring the infrastructure and know-how to manage the complex investment fund and connect with longtime Bay Area partners to ensure projects reflect the priorities of residents and community leaders. The Partnership also includes a regional policy component where interested businesses bring their power to advocate and to convene stakeholders in the public, private, and nonprofit sectors across municipal boundaries. Their common cause: The need for tens of thousands of preserved, expanded, and newly built affordable homes—the very foundation of health and economic vitality for individuals, families, and communities. While this progress represents only a tiny fraction of the Bay Area's housing need, the Partnership for the Bay's Future is a potential model for corporations and organizations nationwide to preserve and expand affordable housing. Wherever the availability of quality affordable housing is limited, such partnerships can address that lack of availability and be a first, critical step toward enhancing community health and economic prosperity.



Investments to create a robust business environment can powerfully improve the health and well-being of communities and strengthen business opportunities. Likewise, initiatives aiming to improve health can meaningfully contribute to a vibrant local business ecosystem. However, this synergy exposes a lesson and aspiration: Investors, philanthropists, public sector leaders, and communities must work together to realize the greatest return from their investments. Time spent stewarding these collaborations—including aligning goals and establishing mechanisms for coordination and accountability—will yield dividends in the form of stronger and more resilient businesses and communities.


CHAPTER 3.
The Meaning, Purpose, and Opportunity of Business in 21st Century America
OVERVIEW
Perceptions and expectations of businesses in America constantly evolve. This chapter explores new opportunities for engagement by business in society. Theories of management that address societal issues are examined throughout the chapter, which lists five actions that businesses can take to begin to support healthier communities.

KEY TAKEAWAYS

- Business is a force for good in American society and around the world. Business and society are mutually dependent and best thrive together.
- The growth in transparency, the increase in interdependence and mutuality, and the public's attention to values pose potential threats and opportunities to a business's reputation, brand, and long-term success.
- Businesses are looking harder at these threats and opportunities and increasingly choosing to align business values, policies, investments, and actions with the expectations of consumers and the public.
- Stakeholder theory provides a framework for this alignment. According to stakeholder theory, businesses exist to create value for the groups who make the business "a going concern"—that is, groups that are part of the cooperative scheme that allows a firm to come into being and to be successful over time.
- Stakeholder firms are those that have implemented the principles of stakeholder theory. These firms tend to achieve better business outcomes, including greater innovation and higher profits.

Introduction

Business has been, on balance, a force for good in American society and around the world. Business produces wealth, creates value, provides jobs, pays taxes, offers goods and services, and brings innovation to the marketplace. Business in the United States also reflects American values. To succeed, business depends on the rule of law; respect for individual and property rights; and a government that enforces the law, builds and maintains infrastructure, and strengthens and defends the common good. Of particular importance for business are property rights, the freedom of individuals to negotiate the terms of doing business,

> *"[W]hat improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable."*
>
> —Adam Smith

and the understanding that a government's regulation of commerce is limited and fair. Business also encapsulates a uniquely American idea of the "self-made" individual in a "land of opportunity" who rises from humble beginnings through hard work, new ideas, and good business sense to become a prosperous and generous citizen. In short, the story of business in the United States is about more than just wealth—it embodies and perpetuates values that form the core of the American identity.

The story of business in the United States is about more than just wealth—it embodies and perpetuates values that form the core of the American identity.

At the same time, the role of business in society can be contentious. Some business practices have caused (and continue to cause) harm to both business and society, as harmful products are brought to market, and damaging production processes contaminate air, land, and water and harm the environment. The interdependence between business and society has not been fully recognized or embraced. Today, the United States is emerging from several decades during which, for some business leaders, the priority principle for corporations was "shareholder primacy." This principle asserts that the core—and perhaps sole—responsibility of business is to maximize profits for shareholders.

Increases in returns to shareholders have not been the rising tide to lift all boats, as once expected. From the 1970s to the early 21st century, income inequality increased in the United States as real incomes for employees stagnated. Some of these trends were facilitated by (or occurred despite) government regulation or deregulation. For example, Fortin and Lemieux analyzed the role of three systemic changes—the decline in the real value of the minimum wage, deunionization, and economic deregulation—on the rise in wage inequality in the United States during the 1980s. They found that about one-third of the increase in wage inequality (for both men and women) can be traced to these system-level changes. These kinds of developments in the United States, along with the widening gap in pay between company leaders and managers and lower-level workers, have caused people to question business-as-usual. In turn, corporations have begun to respond to inside questions and outside pressures and to recognize that their success also depends on engaging all those upon whom the company's success depends, measuring their quarterly earnings and financial risk and also their impact on society.

> *"[T]here is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud"*
>
> —Milton Friedman

A "reversal of fortune" among working Americans is one of many factors at play in the current shift of attitudes and expectations toward corporations in society. The reversal of fortune refers to the adversities—such as a diminished quality of life, environmental impact, and poor health—that are changing the way people think about business and companies think about conducting business in the 21st century. Many businesses have begun to reevaluate their role in society and see opportunities in becoming partners in creating healthy, inclusive, and prosperous communities. Many U.S. communities are facing threats to their health (as described in Chapters 1 and 2) and future from addiction, loneliness, chronic illness, incarceration, gun violence, and more. In public health terms, these issues stem from the fact that for many people living in America today, vital conditions—like housing, education, income, and transportation—are not being met (Box 1.1a, Box 1.1b, and Box 3.1), for example, in low-opportunity neighborhoods (as described in Chapter 2). While some Americans have never been wealthier and healthier, others live in distressed communities with little opportunity and feel a loss of hope when they look toward the future. As depicted in Figure 3.1, the gap in wealth between high-, middle-, and low-income families has increased substantially since the 1980s.

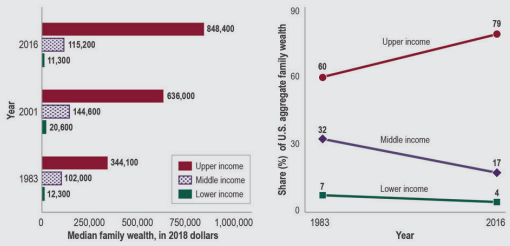
Many businesses have begun to reevaluate their role in society and see opportunities in becoming partners in creating healthy, inclusive, and prosperous communities.

BOX 3.1: THE SEVEN VITAL CONDITIONS

1. Basic requirements for health and safety
2. Continuous learning, education, and literacy
3. Rewarding work, careers, and standards of living
4. Humane, consistent housing
5. Thriving environment
6. Reliable, safe, and accessible transportation
7. Belonging and civic muscle (also see Chapter 1, Box 1.1)

More recently, the recognition that business and society are mutually dependent and best thrive together has generated new ideas about the meaning, purpose, and responsibility of business. Ideas such as conscious capitalism, creative capitalism, stakeholder capitalism, capitalism 2.0, corporate social responsibility, shared value, community investing, and social entrepreneurship have increased expectations—on the part of businesses, investors, consumers, and employees, among others—that businesses will "do well by doing good." Both scholarly and practical voices have encouraged mutualism between businesses and the communities in which they operate.

Figure 3.1 Gaps in wealth among upper, middle, and lower income families



Note: Families were assigned to income tiers based on their size-adjusted incomes.

In addition, businesses are being asked to take responsibility for the consequences of their actions and to engage valuable stakeholders in their communities, all while maximizing value for the various stakeholders they serve. These multiple stakeholders include customers and consumers, employees and contractors, vendors and suppliers, neighborhoods and communities, and shareholders and investors. The new expectations have grown out of the recognition of the interdependence between business and society, and a greater availability of information on how businesses operate in the United States and abroad. Consumers and the public have unprecedented access to information about working conditions, hiring practices, environmental impacts, salary and wage structures, and much more. Especially after the global financial crisis of 2008, and particularly among younger consumers and employees, there is a growing focus on values and purpose in business. Business has almost always been about purpose, but consumers,

> *"Companies that fulfill their purpose and responsibilities to stakeholders reap rewards over the long-term. Companies that ignore them stumble and fail. This dynamic is becoming increasingly apparent as the public holds companies to more exacting standards. And it will continue to accelerate as millennials—who today represent 35 percent of the workforce—express new expectations of the companies they work for, buy from, and invest in."*
>
> —Larry Fink

employees, and the public now are more likely to demand that the values of business align with their own values, and based on that alignment will make decisions about the companies they buy from, work for, and invest in. Employees, consumers, and the public are asking businesses to take into account the best interests of a variety of stakeholders and to create value for society as well as for business.

The American Narrative on Business

Americans have a complex relationship with business and offer several critiques. First, they have long accused businesses of practicing greed. As the narrative goes, some business leaders think only about how their choices benefit themselves (i.e., their financial self-interest) and disregard any harm passed on to others or society. These businesses fail to recognize their dependence on society and its goods and services (such as educated employees, consumers with disposable incomes, and legal systems and protections). Americans have deep reservations about the size, scope, and influence of large, multi-unit firms. For example, a Gallup poll found a majority (63%) of U.S. adults is dissatisfied with the size and influence of major corporations, consistent with other Gallup findings in recent decades. A different Gallup poll showed that 70% of Americans have "a great deal" or "quite a lot" of confidence in small businesses, compared with 21% having confidence in large businesses. These differences are driven by a sense that leaders of large corporations have outsize influence over political processes, are accumulating greater wealth at the expense of wages, are relatively less accountable to the communities in which they operate, and are less likely to create local jobs.

Business operations are often tied to an array of negative externalities, for example, excessive consumption of resources, pollution, deskilled workers, and the creation of unhealthy levels of dependence on particular products and resources. In places where regulations are weak (e.g., minimal environmental protections), businesses may easily reap rewards while leaving significant harms or costs for communities to bear (e.g., contaminated water or soil) with little or no compensation for the externalities. For some stakeholders, the harms created by a given firm may well outweigh the benefits.

In addition to greed and negative externalities, critiques of business also focus on income inequality and lack of economic opportunity, which have been linked to unencumbered markets and government policies that favor business. Those who have power and resources, according to this critique, are more likely to benefit from successful (and even unsuccessful) businesses, while workers, mid-level managers, and even consumers, the public, and communities benefit less. These troubling trends have prompted many leaders—even strong pro-market leaders, including

Jamie Dimon, Warren Buffett, and Larry Fink—to question the sustainability of capitalism, if a more equitable distribution of benefits cannot be implemented. Even those who consider capitalism in the early 21st century to be stronger than ever recognize that the perception (if not the reality) of capitalism in crisis is due to, among other factors, an uneven distribution of gains, with many of the benefits of a thriving capitalism going to the wealthiest individuals.

Equality of economic opportunity is a deeper challenge. Independent of the amount of benefit (or value) produced, a big part of the story of capitalism in the United States is the idea of opportunity—that is, the ability of people to "have a shot," to improve their lot in life through hard work and creativity, and to become successful regardless of who they are or who they know or where they come from. The core of the American identity is based on social mobility (described in Chapter 2) and economic opportunity. Both are central to the notion of *the American dream*—that is, the notion that a person does not need to be well-born to have a chance to achieve or get ahead in this country. Although the values that support these sentiments are still alive and well and fueled by real-life success stories, the data increasingly suggest that the American dream is becoming harder to obtain for many Americans. In other wealthy nations, meanwhile, opportunities for economic advancement are greater than they are in the United States.

Reinventing Business

Amid this shifting context of American society, some businesses are striving to reinvent themselves and redefine their roles in society. The operations of today's firms, industries, and entire economies differ notably from those of the past. Three emerging dynamics are largely responsible for changes in the way companies operate their businesses: the growth of transparency, the increase in interdependence, and the focus on values.

First, people in today's world have unprecedented and instant access to information from around the globe. Online rating systems, consumer-produced videos, and anonymous blog posts have helped to create an environment that makes it difficult for firms to shield activities from consumers, employees, competitors, and the public—even in widely dispersed operations. Access extends to the practices in which businesses engage and the partners that they choose—even in operations conducted in remote parts of the world (e.g., use of child labor, corrupt practices, or environmental damage). In past decades, such practices would become public knowledge mainly through investigations by the media. But with the high-level of transparency in today's environment, these practices are being reported by people with firsthand knowledge. The rise of transparency has forced companies to be ready to face scrutiny—both at home and worldwide—for their practices and to feel the pressure of accountability.

Second, the recognition of interdependence and mutuality between business and society has increased with increasing healthcare costs, rising rates of obesity and addiction, and most graphically, with the coronavirus pandemic of 2020 that kept workers and customers at home and shuttered many businesses. Two similar themes are emerging in this context: (a) the recognition that the success of a business depends on the success of its stakeholders; and (b) the understanding that when the rewards of an enterprise are distributed among its participants, the enterprise is more likely to be compelling to those participants. This positive reciprocity increases the likelihood that the firm will be successful over time. Interdependence may be a simple relationship—a business creates a job, an employee produces value, and a consumer pays for that value. The recognition of the interdependence leads the company to share the profit when the employee produces exemplary value that consumers reward with purchases and loyalty. Mutuality is more purposeful and intentional and includes the creation of shared value and lasting benefits for those engaged. For example, a company chooses to locate in a particular community and create value for local residents (such as jobs, quality childcare, apprenticeships, and employment pathway programs). Local residents then reward the company with productivity and loyalty, allowing the company to efficiently produce a quality product and earn a robust profit (see Exemplar about Greyston Bakery). Interdependence and mutuality emphasize the relationship between business and society and encourage that relationship to be deeper and richer for the benefit of both society and business.

Third, consumers (and employees) are attentive to the values of a business, as discussed previously. Although ethics have always been integral to the operation of markets, people are becoming more concerned with how a company's values align with their own values. Based on current estimates, $1 of every $5 invested in equity markets undergoes some kind of values vetting, and interest in this kind of vetting is growing rapidly. Businesses have always been concerned about reputation and protective of their brands. Transparency, interdependence and mutuality, and values each pose potential threats and opportunities to a business's reputation and brand. Businesses are looking harder at these threats and opportunities and increasingly choosing to align values, policies, investments, and actions with the expectations of consumers and the public, while also solving business problems and meeting the needs of multiple stakeholders. Stakeholder theory provides a framework for understanding and implementing business strategies to effectively serve these needs.

Stakeholder Theory and Practice

New models of capitalism, particularly stakeholder theory, are taking hold that better fit today's trends and expectations of workers, consumers, and members of the public. These approaches support a richer notion of how business relates to stakeholders, including communities.

The concept of *stakeholders* in business emerged in the 1960s and 1970s and gained prominence in the 1980s and 1990s following initial publication in 1984 of *Strategic Management: A Stakeholder Approach* by R. Edward Freeman. Stakeholder theory argues that businesses will be in a stronger position to succeed if they take into account the needs and perspectives of *all* stakeholders, not *only* shareholders (who are one of several stakeholders). Just how many businesses and corporations adhere to a stakeholder approach is unknown. But extensive scholarship has been dedicated to understanding the business impact of engaging multiple stakeholders, and countless tools and resources have been developed to help businesses identify stakeholders and implement stakeholder engagement strategies. Even state legislatures took notice of stakeholder theory in the mid-1980s. Thirty-four states have enacted so-called "constituency" laws that explicitly give standing to core stakeholders (beyond shareholders) in important board-level business governance decisions.

Stakeholder theory begins with a simple premise: Businesses exist to create value for the groups who make the firm a "going concern"—that is, groups that are part of the cooperative scheme that allows a firm to come into being and be successful over time. In this view, core stakeholders include customers, suppliers, employees, the local community, and shareholders. Without the support and involvement of these stakeholders, the firm would not exist, and unless these stakeholders cooperate consistently and well, chances are the firm will not perform optimally. In return for their choice to engage with the firm, the company actively works to create value for each stakeholder, while simultaneously making all stakeholders better off.

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Profits (and shareholder returns for publicly traded companies) are vital to business success, and most businesses begin with a purpose beyond just making money. Stakeholder firms also have an animating purpose, something noble and inspiring that is essential to the form of value they create. This commitment to a purpose and to creating value for each stakeholder, the theory holds, makes stakeholder firms more successful and sustainable over time. A small but growing number of studies has demonstrated that firms that consistently implement a stakeholder approach tend to achieve better outcomes, including greater innovation and higher profits over time.

> *"The 18 publicly traded companies out of the 28 [identified as the "most conscious" based on stated purpose, generosity of compensation, quality of customer service, investment in their communities, and impact on the environment] outperformed the S&P 500 index by a factor of 10.5 over the years 1996–2011. And why . . . should that be a surprise? Conscious companies treat their stakeholders better. As a consequence, their suppliers are happier to do business with them. Employees are more engaged, productive, and likely to stay. These companies are more welcome in their communities and their customers are more satisfied and loyal. The most conscious companies give more, and they get more in return. The inescapable conclusion: it pays to care, widely and deeply."*
>
> —Tony Schwartz

In addition to financial rewards and stronger relationships with stakeholders, adopting a stakeholder approach offers potential benefits in the realm of trust, reciprocity, and understanding. For example, moral psychology research suggests that the logic of stakeholder theory helps to avoid many of the traps that are common to an exclusive focus on profits. For instance, although many people would like more money and more goods, most people care about fairness. Stakeholders who are treated fairly by a business are more likely to reciprocate. This dynamic is known as *positive reciprocity*, and when this dynamic is created across a firm and within stakeholder groups, it can create a virtuous cycle of benefits for business and society. Stakeholders can stop worrying about being taken advantage of and instead act in ways that make the firm and fellow stakeholders better off. On the other hand, the dynamic of *negative reciprocity* can deeply strain and erode the relationship between stakeholders and a firm. It can turn customers and suppliers away, for example, and prompt employees to underperform. A stakeholder approach helps firms to foster positive reciprocity and avoid negative reciprocity.

Firms are increasingly practicing stakeholder theory. They are

- Recognizing primary stakeholder interests as joint and (mostly) aligned with business interests;

- Emphasizing a purpose beyond (only) profits, while still caring about financial returns, and
- Investing in stakeholder relationships (e.g., with suppliers, employees, customers, and the local community) with an eye toward strengthening business returns.

A few firms that have embraced this approach (or at least adopted the language and logic of stakeholder theory) include Costco, Eastman Chemical, Google, Salesforce, Starbucks, Unilever, Vanguard, and others. Each of these companies has implemented specific management strategies and practices aligned with the practice of stakeholder theory.

Stakeholders who are treated fairly by a business are more likely to reciprocate.

Stakeholder theory offers a constructive view of business, a way of understanding and operating a business as an institution that exists to serve multiple groups in society and to create value for people and communities. Stakeholders are interdependent, and firms create value through dynamic cooperation with and among these groups. To be successful over time, businesses must nurture these relationships and find ways to create new forms of value so that all stakeholders in the value chain are better off. If this happens, stakeholders will choose to engage with the firm and work to see it succeed. Thus, the theory holds, while firms must care about profits and shareholders to succeed and thrive, they also should serve a larger purpose and recognize that the very foundation of their profits is the stakeholder relationships that enable businesses to generate value for society *and* for themselves.

In practice, the many stakeholders of a business, including shareholders, may not have the same interests (shareholders are stakeholders but not all stakeholders are shareholders; many companies have no shareholders).[6] Depending on the business, some interests of employees, customers, suppliers, and communities may align and some other interests may compete. The challenge for the business is to avoid tradeoffs among stakeholders and deploy strategies that keep all stakeholders engaged. While employees and suppliers (and sometime customers) may be tied to particular communities, shareholders tend to be physically, geographically, and socially separated from the needs and challenges of particular communities where businesses operate. Part of the challenge in getting those two entities to cooperate is being able to explain to shareholders how investments in communities are critical for making sure that the business can operate and thrive in the long term, even if the investment may not yield the best return on a stock price in the short term. More and more companies are taking this long-term view (Box 3.2), which was also encouraged in Business Roundtable's revised statement on the purpose of a corporation.

[6] Stakeholder theory applies primarily to publicly traded corporations, as a management strategy. But the theory also applies to any type of business or other organization, including government.

BOX 3.2: SODEXO'S STAKEHOLDER APPROACH

Since its founding in 1966, Sodexo has sought to create value for its multiple stakeholders, including customers, clients, employees, suppliers, communities, and shareholders. From its food services operations that serve private corporations, hospitals, healthcare facilities, schools, colleges and universities, senior living communities, sports and leisure venues, and government agencies to its facilities management, benefit and rewards, and home care operations, Sodexo strives to create value for all of its stakeholders and integrate actions that support health and wellbeing into the core of its business operations.

With its Better Tomorrow 2025 initiative, Sodexo considers environmental, social, and economic impacts as it establishes and implements its business goals, ensuring that Sodexo's growth benefits:

- Employees who work hard every day,
- Clients and suppliers who seek relationships based on shared value,
- Shareholders who want sustained long-term growth, and
- Tens of millions of people served by Sodexo everyday—that is, people who hold the business accountable for having a positive impact on the community.

Sodexo uses data to determine where to focus its efforts and to measure results. Sodexo has had public, measurable, and audited corporate responsibility goals since 2009.

Here are two examples of how Sodexo strives to offer healthy and nourishing lifestyle choices to every one of its consumers every day:

- In collaboration with the Partnership for a Healthier America, Sodexo implements Mindful by Sodexo, a healthy dining program, in 95% of its food service accounts, expanding healthier food choices in at least 25% of its hospitals, offering 17 million more free breakfast meals in primary and secondary schools, and increasing the selection of healthier, more nutritious options in its vending and K–12 lunch programs.
- Sodexo offers healthier children's meals at 40% of its food service accounts with American cultural destinations, such as aquariums, museums, ballparks, and other recreational facilities.

Sodexo also aims to source responsibly and provide management solutions that reduce its carbon emissions. The company focuses on four environmental actions: preventing food waste, promoting plant-based meal options, sourcing responsibly through local and short supply chains; and helping clients to reduce their emissions through better energy and waste management, for example:

- Nearly all Sodexo site managers, chefs, and kitchen staff implement initiatives to cut food waste. Sodexo's WasteWatch powered by Leanpath Program tracks food waste, monitors performance, and takes actions to drive reductions. The program captures data on daily food waste and measures pre- and post-consumer waste. In 2019, Sodexo avoided 584 tons of food waste at its sites, the equivalent of 3,689 metric tons of carbon dioxide.
- Sodexo is committed to increasing food purchased in its clients' communities from local producers and small businesses, contractually requiring its produce vendor partners to source local and seasonal foods whenever possible. Sodexo purchases more than 4 million gallons of locally sourced milk each year. In 2019, Sodexo spent $1 billion with small- and medium-sized enterprises in the United States.

For Sodexo, growing responsibly is about pursuing and tracking what it can do better, safer, healthier, and more sustainably for people and planet. It's about how Sodexo can improve as a corporate citizen, meeting the needs of and creating value for all its stakeholders.

Ties to Community Health, Wealth, and Well-Being

Challenging a simplistic, shareholder-centric view of business and adopting a stakeholder approach has important implications for community health, wealth, and well-being. Two themes make the connection: (1) creating value for stakeholders and (2) the interdependence and mutuality between business and society, including the interdependence among various stakeholders (including shareholders) and between each stakeholder and the business.

Stakeholders are people with a variety of needs, including access to clean air and water, nutritious food, safe work places and communities, green spaces, family-sustaining careers, education, and economic opportunity—all vital conditions (described in Chapter 1) that shape health, wealth, and well-being. Businesses investing in their employees, suppliers, and communities are already adding value in the form of jobs, income, health insurance (often), and goods and services of use to community members. Stakeholder firms demonstrate that businesses can go further (and get even more in return). Subsequent chapters in this report (Chapters 4 and 5) describe a variety of investments and strategies that businesses can deploy and of ways to partner to help solve some of the pressing community challenges that detract from health, wealth, and well-being—such as poverty, lack of education, lack of affordable housing, income inequality, and lack of economic opportunity. As businesses partner to raise the level of well-being in a community, they create greater business opportunities for themselves and more stakeholders to bring value to the business.

As businesses partner to raise the level of well-being in a community, they create greater business opportunities for themselves and more stakeholders to bring value to the business.

Moreover, stakeholders and businesses are interdependent and linked together in a larger ecosystem. Where people are healthy and the vital conditions for health are present, businesses have an easier time finding employees who will be productive, miss fewer days of work due to illness, and do more to contribute to the firm. Businesses in this environment also tend to find customers who are more likely to buy their products and investors who are more likely to want to buy their stock.

The Role of Business in Well-Being

Opportunities for businesses to join in creating thriving communities can be divided into three areas: (1) the well-being of people (employee and dependent benefits, workplace policies and environment, customer well-being), (2) the well-being of places (vital conditions of a community, access to opportunity, broader community systems), and (3) equity, ensuring resources are focused on those most in need and everyone has the opportunity to thrive.

Investing in the well-being of employees has long been the purview of business. From providing safe working conditions, health insurance coverage, and paid sick leave to offering workplace health promotion, wellness or well-being programs, family-sustaining compensation, paid maternity leave, and profit sharing, companies that offer these conditions and benefits have seen the value of investing in employees and their dependents. Businesses can continue to strive to ensure these conditions and benefits are met for all employees and dependents.

Companies investing in *place* is less common and occurs most often in communities in which company headquarters are located (see Perspectives From Business Leaders). Companies may establish partnerships to create pathways to employment; build physical infrastructure, including green spaces and grocery stores; and invest in quality education. Companies can continue to make these kinds of improvements and expand opportunities in the communities they serve.

The most advanced businesses invest in people and place with an eye toward improving the lives of those who are not thriving and creating conditions for all people to prosper by adding customized supports for those who are least likely to thrive. Such investments have the potential to improve the health, wealth, and well-being of employees, families and consumers, and future employees and consumers. Some companies are tackling health, wealth, and well-being more broadly—in the context of (a) people in the wider community they may not directly touch and (b) the vital conditions required for all people to thrive in the places in which businesses operate or serve (see, for example, the Exemplar about The Reinvestment Fund's Gem City Market).

These roles are aligned with the purpose and meaning of business. Businesses exist to

- Create sustained, long-term value for all stakeholders;
- Fulfill a larger purpose as a means of making money;
- Recognize the interdependencies between themselves and stakeholders; and
- Seek ways to contribute positively to communities and stakeholders.

Firms take these actions because they help the business succeed, consumers expect them to, and it is the right thing to do. Stakeholder firms see the connection between community health, wealth, and well-being and their own prosperity over time. They also seek ways to improve community health, especially where it is most clearly linked to their stakeholders and the prosperity of the firm.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 3. The tools and resources were created by such businesses and organizations as DePaul University, Fisher Investments, U.S. Department of Housing and Urban Development, and others.

HYATT HOTELS CORPORATION
An Opportunity Partnership

Community Challenge |
Even before the coronavirus pandemic devastated the global economy in 2020, a high percentage of young adults (18- to 24-years of age) who were not in school were jobless. Being jobless at such a young age can set the stage for long-term unemployment or for taking fringe jobs that lack benefits or social security. Some young adults can become economically marginalized for the rest of their lives.

Scenario |
It started at the top. Mark Hoplamazian, president and chief executive officer of Hyatt Hotels Corporation (Hyatt), saw the issue of young people being left out of the workforce and the economy as a primary driver of the widening skills, income, and wealth gaps. He believes that companies have a responsibility to help address such issues in the communities in which they operate.

Hyatt is a hospitality company that manages hotels and resorts. The company has a clear purpose—to care for people so they can be their best. "Our purpose of care applies to our colleagues, our guests, and our communities," said Audrey Williams-Lee, senior vice president of Human Resources and Philanthropy. "There is a growing wealth and skills gap, and our [chief executive officer] wanted us to focus on a signature philanthropic cause that both aligned with our values and supported our communities." Hyatt concluded that addressing the issue of unemployment among young adults who are not in school and not in the workforce (often called "Opportunity Youth") would accomplish that goal, providing a diverse employment pipeline to spur future growth at Hyatt and to support communities in which Hyatt is located.

Action Taken |
Williams-Lee and her team conducted research and interviewed community organizations that worked with youth globally. Hyatt worked with Grads of Life to design the RiseHY program. Launched in 2018, the RiseHY program seeks to hire 10,000 young adults by 2025. In its first year, Hyatt and its hotels had hired more than 16% of its 10,000-hirings goal.

To facilitate the RiseHY program, Hyatt focuses on four areas:

- **Use a majority of the Hyatt Hotels Foundation's philanthropic giving to fund RiseHY.** "We were able to articulate very clearly who we were giving to," Williams-Lee said. "And why we were supporting certain organizations."
- **Develop a network of community organizations focused on training and supporting opportunity youth for job readiness.** The hospitality industry has an abundance of entry-level jobs. With such a network in place, Hyatt began to fill those positions with opportunity youth. Hyatt fosters a workplace where young people without prior experience can create a foundation for a life-long career, gain new skills, and advance in the organization.
- **Use technology to help with hiring.** For example, Hyatt uses a gamified tool (in 18 languages) to match the skills of young workers with the skills needed for potential hospitality roles. Hyatt also uses a virtual reality simulation to capture what life is like in a hotel. "This increases the quality of hires we bring into the program," Williams-Lee said. "And it helps young people who have never been in a hotel understand what it's like." To help applicants decide which job to apply for, the simulation describes the different roles and helps candidates understand the responsibilities of each role.
- **Work with community organizations to identify wraparound services.** Such services can support young people when they are placed in a role in the company, and help managers at Hyatt Hotels understand how to help opportunity youth succeed.

Key Takeaway | Without a job, and with little hope of finding one, the self-worth of out-of-school teenagers and young adults plummets. A lack of confidence quickly translates to being less employable. In the end, unemployed young adults hurt all communities. But opportunity abounds as businesses (a) become more aware of young adults as a potential talent pipeline and (b) foster roles in their organizations for these workers. Several factors are critical to the success of Hyatt's RiseHY program, including embracing a cause aligned with its purpose, the nature of the hospitality business, and locating its corporate philanthropy within the human resources department. This critical move ensures that corporate philanthropy and business success are aligned and reinforce each other. Together, these factors create opportunities for synergy between doing well and doing good.



CHAPTER 4.

Bringing Opportunity to Communities Through Partnerships With Community Development and Community Finance

OVERVIEW

No single business or sector can create lasting change on its own. This chapter tells the story of community development and how it brings public, private, and nonprofit resources together to fight poverty and advance health. Numerous agencies and approaches that create opportunities and improve quality of life are explored, finding common ground and financial alignments that benefit everyone. Access to capital is the lifeblood of the U.S. economy, and financial resources are essential to the health of communities and the livelihood of families. This chapter gives special attention to community development financial institutions (CDFIs)—which are well positioned to address the lack of available capital, credit, and financing expertise in many communities—and describes "win-win" ventures, such as business investments in affordable housing and creatively financed projects that improve the health of employees and communities.



KEY TAKEAWAYS

- The need for a healthy, skilled labor force remains a top priority for individual businesses and the broader economy. People are more likely to be healthy and skilled and participate in the labor force when they grow up and live in thriving neighborhoods where the vital conditions are met.
- The human capital potential that could be unleashed if *every person* had access to thriving neighborhoods would be transformational for America's communities, businesses, and economy.
- Resource alignment for this transformational work is already underway in the field of community development, a mission-driven enterprise that fosters vibrant economic, social, and health conditions to increase opportunities for people with low incomes.
- Community development
  - Requires investments and partnerships across the public, private, and nonprofit sectors; and
  - Leverages public, private, and philanthropic investments to develop real estate, promote small businesses and entrepreneurs, and strengthen human capital.
- Businesses and other investors seeking careful, knowledgeable investors in underserved areas can partner with community development financial institutions to raise capital for specific community investments.
- The community assets that comprise the vital conditions for health, wealth, and well-being create an excellent environment for private enterprise. Strengthening these assets through community development enables employees to come to work prepared and engaged and promotes a thriving local network of businesses, suppliers, employees, colleagues, customers, and clients.
- Despite sizeable investments, the current scale of community development is not sufficient to address the many complex causes of poverty and the negative impacts of poverty on health, wealth, and well-being.
- New business models are needed to align the financial interests of those who benefit from a healthier, more productive population with those who create the conditions that promote human flourishing.

Introduction

Like any complex system, the U.S. economy evolves in unpredictable ways. Despite these ongoing shifts, the need for a healthy, skilled labor force remains a top priority for individual firms and the broader economy. Chapters 1 and 2 noted the magnitude of the U.S. health disadvantage; the vital conditions that shape the health of Americans (and harm their health, when unmet); and the ways in which neighborhoods and communities expand or limit opportunities for health, wealth, and well-being. People are more likely to be healthy and to prosper when they live in thriving neighborhoods that include high levels of social capital and community cohesion, high-quality and affordable housing, regional connectivity through transit, vibrant educational and workforce opportunities, and access to healthy food and recreation.

The human capital potential that could be unleashed if *every person* had access to this kind of opportunity—regardless of his or her race/ethnicity, disability, or income—would be remarkable: Such access would be transformational for our communities, businesses, and the economy. Because no single sector can realize this vision in isolation, the transformation requires investments and partnerships across the public, private, and nonprofit sectors. Nationwide, this transformative work of aligning financial resources from across organizations to address unmet vital conditions is already underway through the field of "community development." Actors working in this field are essential partners for businesses seeking to engage with and invest in communities.

What Is Community Development in the United States?

Community development in the United States is a mission-driven enterprise that fosters vibrant economic, social, and health conditions to increase opportunity for people with low incomes. The approach recognizes the inseparable connection between people's economic (and increasingly, health) outcomes and the opportunities available in the places where they live. Community development leverages public, private, and philanthropic investments to support a variety of activities that strengthen historically marginalized and disinvested communities and expand opportunities at the individual, family, and neighborhood levels, including

- Promoting and bolstering community engagement to identify and address local barriers to opportunity;
- Developing real estate, such as quality, affordable, and accessible housing and community facilities;

- Promoting small business and entrepreneurship;
- Strengthening human capital, from early childhood education to workforce training; and
- Supporting neighborhood residents in the areas of financial health and asset development, such as personal savings and credit repair.

Community development comprises organizations that specialize in real estate, city planning, law, social work, public policy, public health, affordable housing, and finance. The work is inherently interdisciplinary; requires diverse resources and skills; and needs to be deeply informed by local residents and community voices. As a result, successful community development entails strong and collaborative partnerships across multiple stakeholders—from the public, private, and nonprofit sectors to neighborhood residents and local leaders. Box 4.1 presents more information about the history of community development in the United States.

BOX 4.1: THE ORIGINS AND EVOLUTION OF COMMUNITY DEVELOPMENT IN THE UNITED STATES

The modern field of community development in the United States has its historical origins in the *War on Poverty* programs of the 1960s, which introduced a constellation of federal programs designed to provide education and job training to expand employment opportunities, as well as government support for community planning and organizing. In 1966, Senator Robert F. Kennedy and his aides worked with local residents to create the first "community development corporation" (CDC) in the Bedford-Stuyvesant neighborhood in Brooklyn, New York, which combined locally driven community action with the market-based principles of private enterprise.

This first CDC, founded in 1967 as the Bedford Stuyvesant Restoration Corporation, coordinated programs focused on the creation of housing, jobs, health facilities, recreation, and more in the defined geography of the neighborhood, fulfilling Kennedy's vision for holistic and locally driven approaches for alleviating poverty. "An effort in one problem area is almost worthless," Kennedy said in a speech announcing the first community development project. "A program for housing, without simultaneous programs for jobs, education, welfare reform, health, and economic development cannot succeed." This movement spread nationwide, with low-income communities creating the thousands of CDCs that exist nationwide today.

During subsequent decades, major cutbacks in federal funding for housing and other neighborhood investments spurred more innovation at the state and local levels and led to the establishment of new nonprofit entities dedicated to antipoverty work, such as Local Initiatives Support Corporation (LISC) and Enterprise Community Partners, two of the largest community development intermediaries in the United States. Eventually, these networks skillfully organized, became politically active, and lobbied successfully for more federal resources to sustain antipoverty efforts. Today, as an established field with significant technical expertise in a variety of functions, community development serves as critical infrastructure for deploying public and private resources into actions that improve the health and prosperity of low-income communities.

Critical Actors in the Community Development Field

As Robert F. Kennedy suggested in 1966 (Box 4.1), successful community development requires simultaneously addressing the complex web of social and economic factors that underlie poverty. Consequently, a variety of partners have engaged in a range of community development activities. The following sections describe some of the field's essential actors who implement community development activities.

Community Development Corporations

The National Alliance of Community Economic Development Associations describes community development corporations (CDCs) as nonprofit organizations that are typically based in low-income communities and work to improve the future of the neighborhood for the benefit of the people who live there, through such activities as real estate development, economic development, and community organizing. Approximately 4,600 CDCs exist in the United States. The East Bay Asian Local Development Corporation (EBALDC) in Oakland, California, is an example of a CDC that has adopted a "healthy neighborhood approach" to address the interconnected social, economic, and environmental factors that shape neighborhood health and well-being, specifically working to ensure that people of all classes and incomes can live where they work in the Bay Area.

Affordable Housing Developers

Although many CDCs develop affordable housing as part of their suite of local activities, larger regional and national organizations also dedicate their work solely to the development of affordable housing. For example, Stewards of Affordable Housing for the Future (SAHF) is a national network of the 13 largest nonprofit affordable-housing developers, including BRIDGE Housing, Homes for America, Mercy Housing, National Housing Trust, and National Church Residences. SAHF members collectively provide more than 140,000 affordable rental homes nationwide.

Community Development Financial Institutions

Community development financial institutions (CDFIs) are mission-driven financial institutions that provide access to affordable capital and financial services for low-income communities. CDFIs

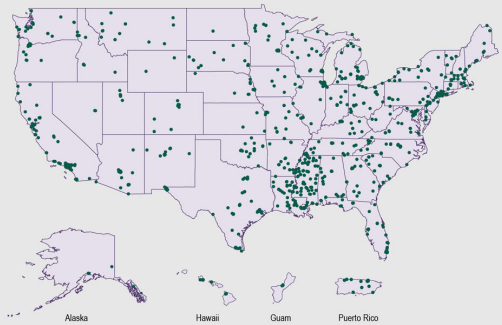
leverage federal resources, awarded through the U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund), to attract private sector investment, which they use to provide flexible financing for projects like affordable housing development, small business creation, and community facilities. The CDFI industry manages more than $150 billion among the more than 1,100 certified CDFIs nationwide (Box 4.2); CDFIs are headquartered in all 50 states, the District of Columbia, Puerto Rico, and Guam (Figure 4.1). Industry performance is strong. In 2017, CDFIs had a net charge-off rate of 0.4%, which was lower than the net charge-off rate of 0.5% among banks insured by the Federal Deposit Insurance Corporation.

BOX 4.2: OVERVIEW OF CDFI CERTIFICATION

CDFI certification ensures that a CDFI:

- "Is a legal entity at the time of Certification application;
- Has a primary mission of promoting community development;
- Is a financing entity;
- Primarily serves one or more target markets;
- Provides development services in conjunction with its financing activities;
- Maintains accountability to its defined target market; and
- Is a nongovernment entity and not under the control of any government entity (Tribal governments excluded)."

Figure 4.1 Locations of certified CDFIs



This combination of solid financial performance and deep commitment to mission enables CDFIs to serve as trusted conduits between traditionally risk-averse sources of capital and impactful projects in low-income communities.

Nonprofit Service Providers

Besides revitalizing low-income neighborhoods through real estate development, the community development field also works to develop human capital. Nonprofit service providers play a critical role in the field by building relationships with and offering direct services to low-income clients, from young children to older adults. These services can be grouped loosely into two types of service activities: (1) providing support to address immediate needs, such as a food bank or homeless shelter, and (2) focusing on longer term development that contributes to economic stability and wealth creation, for example, through activities that target educational readiness, workforce skills, or financial capability. Together, nonprofit service providers across the community development field address the wide range of complex barriers that people with low incomes face in achieving financial well-being.

Community Members

Despite its early origins as a community-based, resident-driven movement, the increasing technical complexity and professionalization of the community development field has made it less accessible to community members and residents. Nonetheless, many community development projects have successfully engaged community members in a variety of ways, including as board members of involved organizations, as members of advisory committees, and through community meetings. Importantly, many CDCs rose from and represent communities through their history and leadership "rooted in and rooting for struggling communities." Indeed, creating lasting change will require more intentional and meaningful partnerships with community members.

For example, Building Healthy Communities (BHC) is a comprehensive community initiative of The California Endowment, which is one of the country's largest health-focused philanthropies. BHC is designed to transform communities facing major health inequities into places where all people and neighborhoods thrive. It focuses on decreasing violence, increasing healthcare coverage among children, and improving transportation, among others. BHC takes an inclusive engagement approach that "[strengthens] the fabric of our democracy by investing in the social, economic, and political power of the very residents who have been the targets of exclusion, stigma,

and discrimination." This movement across the field emphasizes the longer term need to build relationships and support the lasting power in the community as a means of transformative change.

Working With Community Development Financial Institutions

CDFIs are financial institutions concerned with creating an inclusive economy, in which opportunity is widely accessible and prosperity is broadly shared. Because CDFIs recognize that access to capital is the lifeblood of our economy and essential to the economic health of families and communities, their shared mission is investing in people and places that otherwise lack access to safe, affordable financial products and services.

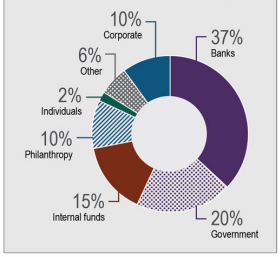
More than 38 million Americans (11.8%) lived below the federal poverty line in 2018. About 6% of Americans—21 million people—lived in counties characterized by persistent poverty, with poverty rates at least 20% for 30 years or more and as high as 32% for minority populations. Although median household income has increased nationally over the past several years, the net worth of the median household is still about 7% lower than it was in 2000. Given the well-documented link between economic distress, especially geographically concentrated poverty, and poorer health, investing in the most under-resourced American communities may help achieve better outcomes overall. CDFIs are experienced in such investments.

In a market economy, investors of capital channel money to where it can secure the highest rate of return for commensurate risks. Communities that are deemed too risky, or not profitable enough, are often bypassed by traditional financial institutions and as a result do not have access to the credit and capital they need to thrive. CDFIs focus on communities that have suffered the long-term effects of chronic and systemic disinvestment, such as urban areas where discriminatory "redlining" was once practiced and still casts a shadow, rural areas experiencing persistent poverty, and tribal communities that are often isolated from local and regional economies. CDFIs also focus on communities experiencing more recent economic stress, such as towns that have lost manufacturing businesses.

CDFIs finance entrepreneurs to develop small businesses; homeownership for first-time buyers; affordable housing for cost-burdened families and individuals; community facilities, such as schools, daycare centers, and health centers; and commercial enterprises, such as healthy food retail and small manufacturing companies. They offer bank accounts to the unbanked and under-banked and technical assistance that boosts families' financial capability.

The public and private sectors have come to recognize CDFIs as effective and vital intermediaries that function in the spaces between public policy and market forces. In 1994, with bipartisan support, the United States Congress created the CDFI Fund and placed it within the U.S. Department of the Treasury. CDFIs use public resources from federal tax credits (described below) and the CDFI Fund to leverage investments from a variety of private sources, including corporations. Figure 4.2 shows the composition of a balance sheet for a typical community development loan fund organized by a CDFI.

Figure 4.2 Fictional example of typical sources of capital for a CDFI loan fund

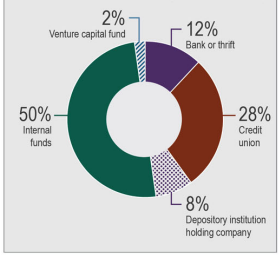


What Businesses Should Know About CDFIs

CDFIs Are Diverse

CDFIs come in many forms, including regulated banks and credit unions as well as unregulated loan funds, microlenders, venture capital funds, and socially responsible financial service firms (Figure 4.3). Some are for-profit, and others are nonprofit. Regardless of their business model, CDFIs share a common mission of reaching the people and places underserved by traditional financial institutions.

Figure 4.3 Types of certified CDFIs (among 1,112 certified CDFIs as of September 30, 2018)



CDFIs come in many sizes. The largest CDFIs manage several billion dollars in capital; the assets of small CDFIs may be only a few million dollars. Larger CDFIs tend to have better access to resources and bigger footprints; smaller CDFIs may have deeper local roots and a better understanding of local markets.

CDFIs Are Businesses

Though CDFIs are mission driven, they must attend to the bottom line. CDFIs manage the tension between earning enough income to cover costs and support growth and innovation while also achieving their mission of providing affordable financial products and services to underserved communities. CDFIs earn income from the fees and interest they charge borrowers. Some earn income from advisory services and contracts. CDFIs also raise grants from a variety of sources, including the CDFI Fund and other government programs, banks, and foundations. For many firms, a CDFI can be a partner with operations in communities and in specific areas, such as health clinics, with which interested businesses may be less familiar.

CDFIs make their business models feasible by raising investment capital from a variety of sources—some at market rates of return and others below market—and blending them together to make their financial products and services affordable. Businesses and other investors seeking careful, knowledgeable investors in underserved areas can partner with CDFIs to raise capital for a particular community investment.

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The Impact and Performance of CDFIs

CDFIs have stood the test of time. At the end of 1997, there were 196 certified CDFIs with total assets of $4 billion. Today, more than 1,100 certified CDFIs hold total assets of over $150 billion.[7] Since its establishment, the CDFI Fund has awarded over $3.3 billion to CDFIs, community development organizations, and financial institutions through its funding programs. In addition, it has allocated $57.5 billion in tax credits through the New Markets Tax Credit (NMTC, described below) Program and issued guarantees on $1.51 billion in bonds through the CDFI Bond Guarantee Program. Both programs are public initiatives that incentivize private investment in businesses and large-scale development projects to revitalize distressed communities. Finally, the Healthy Food Financing Initiative (HFFI), administered by the U.S. Department of Agriculture with support from the U.S. Departments of Treasury and Health and Human Services, provides grants and loans to improve access to healthy foods in urban and rural areas of need by financing grocery stores, farmers' markets, co-ops, and other food access businesses. With CDFIs as an intermediary, HFFI has provided more than $220 million in grants and leveraged an additional

[7] Except where otherwise noted, figures on CDFI Fund activities are based on CDFI Fund's 2018 annual report and on financial audits for fiscal years 2017 and 2018, using internal data from the Office of Inspector General.

$1 billion in private financing to nearly 1,000 groceries and healthy food retailers in 35 states (see Exemplar about The Reinvestment Fund).

The CDFI Fund's investments are leveraged many times over. The leverage ratio varies from program to program, but most, like the NMTC, attract about $8 of private capital for every $1 of federal spending. This creates a win-win for investors: CDFIs use public resources to mitigate risk for private investors, and the public benefits by achieving social outcomes that exceed the value of its investment. For example, the public may receive a new grocery store that offers food and employment opportunities; or it could get help with affordable housing that allows people to stay close to jobs. By serving as financial intermediaries, CDFIs can connect investors with needs and help improve the conditions that shape health in a community.

CDFIs have a positive impact on communities. For instance, under the Fund's CDFI Program, which gives financial and technical assistance directly to qualifying CDFIs to sustain and expand their work, "award recipients reported originating loans or investments in FY 2018 totaling over $11 billion, including

- $2 billion for 19,000 home improvement and purchase loans,
- $2 billion for 17,963 business and microenterprise loans,
- $3.4 billion for over 207,000 consumer loans, and
- $1.3 billion for 2,800 residential real estate transactions."

CDFI Fund award recipients also financed over 33,600 affordable housing units and served more than 343,000 individuals with financial literacy and other training. These products and services are delivered to underserved people and communities and allow struggling individuals and families to afford rent; own or upgrade a home; start a business, grow a business, or gain a job at a local business; establish a credit score; finance a car or an education; and live near employment opportunities, thus contributing to the strengthening of individuals, families, and communities and contributing to health, wealth, and well-being.

CDFIs are reaching hard-to-serve places. CDFI Program award recipients invested over 80% of their assets in low-income communities in 2018. Indeed, CDFIs receiving awards outperform the baseline certification guidelines, which require 60% or more of assets be invested in low-income communities. In the NMTC Program, allocatees (i.e., people and programs that receive funds) exceed the baseline requirement of serving low-income census tracts by driving 75% of transactions to *highly* distressed communities. Another CDFI Fund program, the Bank Enterprise Award, gives monetary awards to banks and thrifts that increase lending and services to communities that need them most. In this program, all transactions are in communities with

poverty rates of 30% or higher and unemployment rates 1.5 times higher than the national average. In communities with these characteristics, the additional support—whether for small business expansion, construction of a federally qualified health center, or investment in job training and skills—can have a lasting impact on quality of life and community health outcomes. Box 4.3 offers examples of the reach of CDFIs.

BOX 4.3: EXAMPLES OF THE REACH OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

- **"Former manufacturing communities.** More than 400 counties are affected by manufacturing job losses, and these counties have simultaneously experienced economic decline and population loss. CDFIs have lent and invested $2.7 billion through more than 49,000 individual transactions. In addition, over $5 billion in NMTCs have been invested in these counties.
- **Coal-impacted communities.** CDFIs are working in areas experiencing economic challenges due to contractions in the coal industry. [CDFIs] are supporting economic diversification and community revitalization initiatives. Sixty CDFIs across 14 states have lent or invested more than $100 million, and 24 community development entities [which are organizations certified by the CDFI Fund] have deployed nearly $230 million in NMTC investments in nine states.
- **Areas of persistent poverty.** While over 6% of the U.S. population lives in areas of persistent poverty, nearly one-fifth of CDFI investments and transactions and 18% of CDFI headquarters are located in these areas. CDFIs have invested more than $640 million in persistent poverty counties.
- **Small towns, rural communities, and Native communities.** CDFIs have provided $6.1 billion in loans and investments in small towns and rural communities and over $757 million in investments in Native communities.
- **Small business finance.** Financing entrepreneurs and small business owners remains a challenge in America, but CDFIs are making inroads. [In 2018], CDFI Program awardees provided financing to nearly 16,000 businesses nationwide."

Overall, CDFIs have tremendous impact in some of the hardest to serve places across the country, have lower rates of loan losses, and are more efficient than traditional lenders. According to the Opportunity Finance Network, although CDFI loans have higher delinquency rates than loans by traditional banks, their loss rates are in fact lower (0.65% versus 1.05% in 2001 through 2015). Since lending in distressed communities is their core business, CDFIs are experienced at

managing risk by offering technical and other assistance to borrowers, including individuals and their communities, entrepreneurs and small businesses, and even large institutional actors. An analysis by Fairchild and Jia found that CDFIs perform on par with mainstream banks when it comes to operational efficiency and are at no greater risk of institutional failure.

Options for Working With CDFIs

Businesses can invest in CDFIs in a variety of ways based on the outcomes they are seeking to achieve, such as improving the health, wealth, and well-being of the labor force or ensuring availability of affordable housing in their communities. The following section describes three options frequently used by CDFI investors.

"On Balance Sheet" Investments

Many investors choose to invest in the CDFI rather than directly into a project the CDFI will eventually finance, like affordable housing, a community facility, or a small business. These are referred to as "on balance sheet" investments and can be an effective option for an investor interested in the entire range of activities undertaken by a given CDFI. The investment can be spread across many transactions over a period of time, giving the CDFI maximum flexibility.

Structured Funds

CDFIs often structure special funds for an investor, or investors, interested in more targeted outcomes; for example, making healthy food more accessible in low-income, low-access areas. Structured funds can also be designed to target specific geographic areas. Structured funds are usually set up "off balance sheet," meaning that investments are made into a separate legal entity created solely for the purpose determined by the investor(s). The CDFI typically plays the role of the fund manager and often invests its own capital as well. A business interested in potentially contributing to community investments can (a) leverage their capital by pooling with other investors and (b) lower their risks by working with institutions that have experience in these types of investments and communities (see, for example, *Funds for kickstarting affordable housing preservation and production: Lessons for new investors* by Elizabeth Mattiuzzi).

Transaction Level

CDFIs are skilled at facilitating project-level investments from investors. If an investor has an interest in a single project, they can invest in that project through the CDFI or together with the CDFI. If a company is planning to invest in or contribute to a project, it should consider working

with a CDFI that can potentially lower risk and attract other market-rate or below-market-rate investments into the project.

CDFIs are working to close wealth gaps across America by investing in the engines that create mobility from poverty, such as good schools, safe and affordable housing, access to healthy food, and quality healthcare. By reducing or closing gaps in wealth and increasing economic opportunity, improvements in health and well-being will be more attainable. Examples in other sections of this report demonstrate tangible ways that the business community is already advancing this work. But more is needed. Businesses can contribute in even greater ways to creating a society in which health and prosperity are more broadly shared. Communities that meet the needs of families—safe neighborhoods, childcare, affordable housing, and good schools—ultimately produce healthier and more productive workers, now and into the future, with attendant returns of value to the business. Partnering with CDFIs to invest in communities is a well-developed strategy for realizing this vision.

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Main Sources of Community Development Funding

Because of the overall insufficiency of any single funding source dedicated to low-income communities, the practice of community development requires a combination of multiple funding streams from across the public, private, and philanthropic sectors. These varied sources have different motivations for investing in community development efforts. The most common types of funding are described below, but the field is constantly evolving in its ability to connect new sources of capital to efforts that strengthen low-income communities.

The *Community Reinvestment Act*

The *Community Reinvestment Act* (CRA) is a regulatory statute that helps ensure depository banking institutions provide capital and financial services to the low-income communities in which they operate, consistent with safe and sound practices. CRA was enacted in 1977 in response to decades of disinvestment in low-income communities and, most notably, to lend and invest in the communities in which they are chartered. Estimates indicate that CRA-motivated banks made aggregate loans of more than $400 billion in 2016 to support housing, small businesses and

farms, and community development efforts in lower income communities. Of the multiple sources of community development funding, CRA-motivated bank lending and investment represent the largest share.

Low-Income Housing Tax Credit and New Markets Tax Credit

To incentivize additional private sector actors to invest in low-income communities, the federal government allocates tax credits that can be purchased by private entities to offset their tax liabilities. The largest such program is the Low-Income Housing Tax Credit (LIHTC), which was created in 1986 to encourage private investment in affordable housing. Under the terms of the LIHTC program, states receive an annual allocation of federal tax credits based on population size (nearly $9 billion in 2017), which are then awarded through a highly competitive process to developers that construct, rehabilitate, or preserve affordable housing. The developer then sells the credits to a corporation that can apply them toward future tax liability, and the proceeds of the sale generate equity for the housing endeavor. Since its inception, LIHTC has financed more than 3 million units and served more than 7 million households, supporting 3.4 million jobs while generating $323 billion in local income. Congress enacted a related program, NMTC, in 2000 to attract private capital for small businesses and community facilities that operate in low-income communities. Since 2001, the NMTC program has provided $49 billion in incentives ($3.5 billion in 2018), creating or retaining nearly 750,000 jobs and supporting the construction of 190 million square feet of manufacturing, office, and retail space.

Public Sector Investments

The public sector also provides significant funding in the form of loans or grants from sources, such as tax revenue and municipal bonds, across all scales of government. At the federal level, the U.S. Department of Housing and Urban Development (HUD) administers multiple grant programs, such as the Community Development Block Grants, from which funds are then allocated at the state and local levels. State and local governments also administer their own funding programs, such as California's Affordable Housing and Sustainable Communities Program, which uses revenue from the proceeds of the state's cap-and-trade program ($402 million in 2019, more than $1 billion since 2016) to fund housing, transportation, and land-use projects that reduce greenhouse gas emissions. In addition, multicounty or regional bodies, such as metropolitan planning organizations, also can provide funds to support community development efforts at the regional level. Businesses can tap into some of these resources or join with public-sector partners to lower the costs of their community investments.

Foundations

Charitable foundations are known most widely for their grant-making efforts, which have no expectation of repayment or investment return. Many foundations, however, also make investments from their asset portfolio through "program-related investments" and "mission-related investments" that are designed to further the organization's social mission while earning some level of financial return. These philanthropic investments can take multiple forms, such as below-market-rate loans, loan guarantees, or equity investments. Philanthropic investment complements grant funding and often provides the flexibility needed to pursue innovative new projects and financial structures. Chapter 5 presents more information about partnering with philanthropy.

Direct Private Sector Investment

Private firms have begun to invest directly in community development efforts, separate from any regulatory requirements or tax credit incentives. For example, technology companies—such as Microsoft, Google, and Facebook—have made commitments to fund affordable housing in the regions in which their offices are located, in response to the growing pressure their presence has created on local housing markets. In addition, health systems—such as UnitedHealthcare, ProMedica, Bon Secours Mercy Health, Nationwide Children's Hospital, and Kaiser Permanente—have also invested directly in community development efforts, recognizing that such issues as housing stability and access to healthy foods improve health outcomes.

Putting It All Together: The Practice of Community Development

The same community assets that boost population health also create an excellent environment for private enterprise. The combination of these assets and their ongoing development and enhancement in the community through the practice of community development (a) helps employees across a variety of skill levels; (b) enables employees to come to work prepared and engaged; and (c) promotes a thriving local network of businesses, suppliers, colleagues, customers, and clients. The assets of a healthy community ecosystem help underserved and disadvantaged populations realize economic prosperity, which in turn promotes their engagement as consumers. Indeed, communities enriched with the vital conditions for health, wealth, and well-being are economically resilient—that is, they are better able to withstand the blow of a recession without spiraling into depopulation, blight, and crime and to build wealth broadly in times of plenty.

A "one-size-fits all" approach to the practice of community development does not exist, and the range of actors, activities, and funding sources varies depending on the local context. Community development approaches, however, traditionally have fallen into two categories—"people" and "place"—defined by the scale of the intervention. Effective community development addresses people and place simultaneously; the work must be grounded in the lived experience of people with low incomes, which cannot be separated from the places in which they live. Thus, community development is not a singular exercise carried out by any one organization. Instead, community development is a collective effort to harness resources and strengths across multiple organizations and sectors, including the private sector.

People: Improving Economic Outcomes for People With Low Incomes

Improving economic outcomes for people with low incomes involves the expansion of skills and assets at the "person level," such as job training, savings programs, and youth development. These approaches are designed to improve household financial health, which in turn positively affects physical and mental health, labor force attachment, and educational attainment. For example, children's savings accounts—often implemented through partnerships involving the public, private, and nonprofit sectors—are long-term savings accounts that help families with low incomes build savings for postsecondary education. Even small amounts of savings can affect a child's life trajectory. Children who live in families with low- and moderate-level incomes and have savings designated for college (even less than $500) are three times more likely to enroll in and four times more likely to graduate from postsecondary school or from a certificate program than children with no savings account. Another approach is the bundling of multiple services into a single program, such as Financial Opportunity Centers (FOCs), which integrate job training for workers with low incomes with financial coaching and connections to income supports. FOCs provide employment counseling, one-on-one financial coaching, and low-cost financial products that help build credit, savings, and assets. FOCs also connect clients to food assistance, utilities assistance, and affordable health insurance. Compared with people in programs offering employment assistance alone, members of FOCs are more likely to be employed year-round, reduce consumer debt, and build positive credit histories.

Children's savings accounts, FOCs, and other services are not structured to provide financial returns to investors, and thus rely heavily on grant funding. One exception is "social enterprise," which is a business model that generates revenue while fulfilling a social mission. (Social enterprise is described fully in Chapter 5.) A growing movement in the community development field seeks to expand the availability of capital beyond grant funding for strategies that improve person-based outcomes. This shift toward "outcomes-based financing" aims to help coordinate

the financial interests of multiple stakeholders into integrated interventions that focus on the whole person, recognizing that "[o]utcomes arise from complex interactions that can never be under the control of any one organization." Businesses can participate in these efforts by providing grants and capital for loans that generate a return while producing an outcome.

Place: Fostering Investment in Low-Income Neighborhoods

Increasing investment and resources in a specific neighborhood generally includes improvements to the built environment or the physical structures and amenities present within a community, and involves real estate development projects—such as affordable housing, health clinics, charter schools, or community centers—that are designed to serve people with low incomes. Funding for these projects is scarce and requires community developers to form diverse partnerships across the public, private, and nonprofit sectors. The project developer, often a nonprofit CDC, works with a financial institution, typically a CDFI, to layer multiple sources of debt and equity financing into a single structure known as the "capital stack" (Figure 4.4). Each layer in the stack reflects a different type of capital that assumes a different level of risk and return. As a helpful conceptual framework, the capital stack lays out how different partners with different incentives and levels of risk tolerance can be brought into a shared purpose, ultimately for the benefit of low-income communities. CDFIs often pool capital from a range of partners into a single loan fund that invests in multiple projects, "providing the nimble, patient [i.e., long-term] financing" that is especially crucial in the early stages of development (Box 4.4).

Figure 4.4 Example of a capital stack



Notes: This example of a capital stack depicts the totality of capital invested in a project. The most risk is at the top, and the least risk is at the bottom, with higher positions in the stack expecting higher returns. **CDFIs** = community development financial institutions; **MRIs** = mission-related investments; **PRIs** = program-related investments.

Investing to ensure an adequate supply of quality affordable homes in residential neighborhoods with access to businesses and employment is critical to building healthy and well employees, families, and communities. Historically, businesses and residential neighborhoods have developed in tandem, simply because employers need access to a stable labor pool, and workers need access to their jobsites. When the local housing market changes and employees can no longer afford to live near employers, both the community and the businesses suffer (Box 4.5).

BOX 4.4: EXAMPLES OF CAPITAL POOLING

- **Local Initiatives Support Corporation (LISC)** partnered with Morgan Stanley and The Kresge Foundation to create the $200-million Healthy Futures Fund (HFF). The Fund supports financing of community health centers and affordable housing in underserved areas. HFF combines tax credit equity, loan guarantees, debt, and grants into a single fund that finances a variety of projects. So Others Might Eat (SOME), a nonprofit community development corporation, accessed funds from HFF to develop the Conway Center in Washington, DC, which serves formerly homeless families with affordable housing, a health center, and job training—all adjacent to a transit station.
- **Enterprise Community Partners** worked with a range of public, private, and philanthropic partners to launch the Denver Regional Transit-Oriented Development Fund. The fund provides financing to create and preserve affordable housing along transit corridors in the Denver area, helping to ensure that residents with lower incomes have access to transit for employment opportunities across the region. To date, the fund has made 16 loans, which have created or preserved more than 1,300 affordable apartments, a new public library, and more than 100,000 square feet of commercial and nonprofit space—all near public transit.
- **Public transit and family-friendly communal spaces**, such as libraries, are essential ingredients of thriving, high-opportunity neighborhoods that foster economic mobility.
- **Partnership for the Bay's Future: A High-Impact Model for Investment** (see Exemplar).

BOX 4.5: IMPACT OF HIGH COST OF HOUSING ON BUSINESSES AND EMPLOYEES

In a survey of employers in the Greater Boston area, nearly half of the respondents said they had failed to recruit or retain employees because of the high cost of local housing. About 40% said they had to increase salaries or benefits to account for rising housing costs.

In another survey of employers, nearly three-quarters of 14 major employers representing 200,000 jobs in Los Angeles affirmed that they face challenges retaining workers because of high housing costs, and most employers said that more than one-quarter of their workers faced one-way commutes of at least 45 minutes. These employers cited certain categories of employees—including single-earner families, part-time and lower wage workers, and those planning to buy a home—as being particularly vulnerable to the lack of quality affordable homes in the local housing market.

This presents an opportunity for local companies. A variety of businesses can step into this breach by investing in their own neighborhoods to tackle specific housing and health priorities that affect their communities. To facilitate these investments, emerging creative funding models layer public and philanthropic dollars with for-profit and mission-driven investments at various rates of return. Fine-tuning a fund's capital stack (Figure 4.4) enables local companies to attract more capital and to deploy those resources in ways that adjust flexibly to current needs.

A Caution: Improving Neighborhoods While Preserving Affordability

Investing in or adding amenities to historically disinvested neighborhoods can offer valuable benefits to residents. Improvements, however, raise the risk of gentrification, a process of neighborhood change that includes economic shifts, such as real estate investment and new residents with higher incomes moving in, as well as demographic shifts, such as changes in the racial composition and education level of residents. Gentrification results in the involuntary displacement of long-time residents, particularly people with low incomes and people of color, who cannot afford to stay and do not benefit from new investments into the area. The newly developed "606" recreational trail in Chicago is an example. Here, a historically low-income neighborhood sits on the west side of the trail, but within 3 years of breaking ground on the linear park, home prices in the neighborhood increased 48%, more than double the rate for the entire city. Local community development groups, such as Latin United Community Housing Association, are responding to the housing market pressures by working with partners to add to the stock of new affordable housing units and advocating for city ordinances to increase funding for affordable housing.

The availability of affordable housing is critical to preventing displacement. The community development field is deeply engaged in affordable housing strategies to address displacement through an approach widely referred to as the "Three P's":

- **Protection** for current tenants, such as policies related to rent control and evictions;
- **Preservation** of existing affordable units (e.g., a nonprofit could acquire and rehabilitate an older apartment building to take it off the speculative market and keep rents permanently affordable); and
- **Production** of new affordable units, such as a new LIHTC development that would add rent-restricted affordable units to the existing stock of housing.

Preventing displacement due to gentrification requires proactive policies, innovative development practices, and deep community engagement and empowerment. Community partners need to plan and take preventive measures to preserve affordability well before gentrification begins.

Early strategies for promoting affordability can include coalition building, community land trusts, and inclusionary zoning policies. Such strategies as employer-assisted housing programs and affordable housing trust funds can also help communities in later stages of gentrification. Groups like EBALDC also provide a model for community development that aims to ensure affordable housing while preventing displacement.

Looking to the Future

From its origins in the federal *War on Poverty* in the 1960s, to its modern multisector networked approach, the community development field has evolved as a mature industry that is highly skilled in connecting low-income communities to the capital and resources necessary for expanding economic opportunities. However, despite the sizeable investments that flow through public and private channels, the current scale of the field is not sufficient to address the many complex causes of poverty and the negative impacts on health, wealth, and well-being.

Addressing poverty is in the direct interest of many more stakeholders beyond community development, including government, businesses and business owners, educators, and healthcare providers and payers. The challenges ahead require rigorously pursuing a new business model that more closely aligns the financial interests of those who stand to benefit from a healthier, more productive population with the capacities of those who create the conditions that promote human flourishing. A wide range of actors across all sectors must be committed to increasing the productive capacity of every person in the United States—that begins with robust and strategic investments in community health and economic prosperity. Our shared future as a nation depends on it.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 4. The tools and resources were created by such businesses and organizations as Bank of America, The Brookings Institution, Opportunity Finance Network, U.S. Department of the Treasury, and others.

THE REINVESTMENT FUND

A CDFI Uses Data to Expand Food Retail in Ohio



Community Challenge | Despite gains over the past decade, limited access to healthy food continues to affect residents of urban and rural communities across the United States. The Reinvestment Fund's Limited Supermarket Access (LSA) analysis estimates that 17.6 million people live in communities without easy access to healthy, nutritious food options. This analysis goes beyond simply identifying areas with limited access; it also measures the extent to which LSA areas can support new or expanded food retail.



Scenario | Dayton, Ohio, ranks in the worst quartile of cities in the nation for rates of food hardship in households with children. The Salem Avenue corridor in Dayton is an LSA area with limited healthy food access. Approximately one-third of households in this area receive benefits from the Supplemental Nutrition Assistance Program. The neighborhood has several dollar stores and only two grocery stores—neither of which serves the community adequately. Market analysis reveals that the area is "understored" with less grocery square footage than the Ohio and national averages. As a result, residents spend their grocery dollars in pharmacies, convenience stores, and dollar stores in the local area, or they are travelling to suburban areas to shop at larger stores, like Aldi and Meijer.



Action Taken | Since 2015, members of the Dayton community have worked to improve local access to food. They started with a community needs assessment, which resulted in a steering committee led by community residents. Thanks to their work, the community is opening a worker- and member-owned grocery store. The Gem City Market will be a full-service store focusing on affordable products and will also include a teaching kitchen, space for nutrition classes and wellness programming, a mini-clinic, cafe, and community room. The project brings together Greater Dayton Union Cooperative Initiative; Miami Valley Community Action Partnership, a long-standing nonprofit in the region; and Greater Dayton Premier Management, an arm of the Dayton city government. The Reinvestment Fund, along with Dayton Regional New Markets Tax Credit Fund and PNC Bank, are providing financing for the project.

The store will be open to everyone; shoppers do not need to have a membership. The cooperative is designed to serve its community with traditional grocery products; discounted pricing for consumer-owners with lower incomes; and an employee equity program. Residents with low incomes can become consumer-owners at discounted rates. More than 2,400 Daytonians have already purchased memberships. Gem City Market will also be owned by its employees, improving the (a) quality of the work above industry standards and (b) outcomes for the store by educating employees in business finance and operations and giving them an equity stake.

Key Takeaway | Aside from data, community need and support are critical to driving investment and developing viable solutions. Although business engagement can be critical to success, sometimes the solution is just creating a business.



CHAPTER 5. Working With Community Changemakers

OVERVIEW

This chapter introduces four community changemakers with which businesses can partner to improve community health, wealth, and well-being. Stories describe effective partnerships and unique ways that businesses can create healthier, stronger communities. Examples in this chapter show how partnerships with businesses can solve both business and community problems and create opportunities for business in communities.

KEY TAKEAWAYS

- In addition to community development actors, businesses that would like to invest in or engage with their communities might also collaborate with social enterprises, public health departments, foundations and philanthropies, and anchor institutions.
- Social enterprises are in the business of knowing communities and effecting change to make them stable and help them thrive, all while operating a successful company.
- Public health departments collaborate with a variety of organizations to meet shared goals and address the vital conditions that shape health. These departments can be creative, dependable, and effective partners of businesses.
- Foundations and philanthropies are critical partners at the local, regional, and national levels. These entities bring rich community knowledge, long-standing relationships, and a range of resources, including investment resources, to achieve shared goals.
- Anchor institutions are place-based economic engines with an embedded social mission inextricably linked to the long-term, well-being of the surrounding communities. Businesses can join with—or become—anchor institutions as they work to increase local hiring and procurement and support equitable economic development.

Introduction

Businesses seeking to invest in or engage with their communities may join with many partner organizations that are already working to improve community health and increase economic prosperity. As described previously, actors within the community development field, including community development financial institutions (CDFIs) and community development corporations, are proven partners for capital and service investments to improve the vital conditions that shape health, wealth, and well-being. This chapter briefly introduces four additional partners, with complementary strengths and skills.

- **Social enterprises** are companies with socially driven missions that have discovered ways to align their profits with improving health, wealth, and well-being. These businesses meet a need in the community, such as preventing evictions and providing jobs, and meet the business imperative of being profitable.
- **Public health agencies** provide critical services and infrastructure to protect and improve the health of people in communities. Partnerships between public health departments and

local businesses address such issues as healthy behaviors, worker safety, food and nutrition, neighborhood livability, and criminal justice reform. Public health departments can serve as chief health strategists in their communities.

- **Foundations and philanthropies** harness the power of wealth to tackle entrenched health and social problems. Business and foundation/philanthropic partnerships can spread prosperity and opportunity in struggling communities through programs, grants, and capital investments.
- **Anchor institutions** are economic engines that power sustainability and long-term well-being in their communities. Businesses can partner with—or become—anchor institutions to strengthen and expand an inclusive local economy. Hospitals and universities are prime examples of anchor institutions that leverage their own assets to create economic opportunities for individuals, businesses, and communities.

Social Enterprises

Many factors combine to make a business successful: a company's strong, competitive products and services; market demand; a compelling brand and reputation; and well-trained staff and able leadership. Providing investments and services that make people and communities healthy, vibrant, strong, and resilient generally is viewed as a job for others and not part of a company's core work. But an array of enterprises *are* in that business, including social enterprises. Companies can partner with social enterprises, whose core business is knowing communities and effecting change to make them stable and help them thrive, all while operating a successful business. Social enterprises are a hybrid of sorts; they

- Are mission driven with an identified social issue they have set out to address,
- Are commercial businesses (either nonprofit or for-profit) invested in addressing that issue,
- Balance their goals of achieving societal impacts within the requirements of the market, and
- Can be effective partners for businesses that similarly want both social and financial returns on their investments.

This approach has been termed "impact investing."

Companies in the "business of doing good" are forging innovative partnerships with other businesses to create positive results for all parties, recognizing that health and prosperity are inextricably linked for both business and communities. Two examples describe how business and community organizations can partner to meet their goals for mutual benefit.

A Real Estate Company and a Nonprofit Organization Build a Partnership

Beacon Communities, a privately owned real estate firm (https://www.beaconcommunitiesllc.com/), develops, invests in, owns, and manages multifamily housing properties, approximately 22,000 apartments—including affordable-, market rate-, and mixed income-housing—in the Northeast and Mid-Atlantic regions of the United States.

Beacon Communities' renters are primarily people and families with lower incomes. A review of evictions for nonpayment of rent found above-average eviction rates in some of Beacon Communities' developments. Evictions were bad for Beacon Communities' business. Costs included lost income through vacancies, legal expenses tied to the eviction process, and negative effects on the morale of property managers charged with evicting families. Evictions were also bad for Beacon Communities' goal of contributing to building stable communities for their residents. Beacon Communities reduced its eviction rate when it began working with HomeStart.

HomeStart, a nonprofit organization (https://www.homestart.org/), works to end homelessness in the Greater Boston, Massachusetts, area by helping individuals obtain housing and settle into the community. HomeStart observed that evictions for nonpayment are a primary driver of homelessness and that eviction is associated with a cascade of long-term consequences. Once evicted, a family's credit is ruined, they lose their possessions, they plunge into debt, their employment becomes unstable, and family cohesion often dissolves.

HomeStart was historically a U.S. Department of Housing and Urban Development (HUD)-supported program to assist people experiencing homelessness in their search for housing. Frequently, people came to HomeStart with an eviction notice, seeking help with a housing search. HomeStart endeavors to prevent homelessness before it starts, so the organization began to test a new program. HomeStart would meet a family appearing in housing court for nonpayment of rent, and make a small payment to the property owner to prevent the eviction and buy time. Then HomeStart would work with the family to identify the causes of the eviction notice, help the family repay any debt, and develop a plan to cover the family's rent. After 12 months, 97% of the families supported through this process by HomeStart could maintain housing on their own.

Because of HomeStart's assistance, (a) families could avoid the long-term consequences of eviction; (b) housing owners could avoid costly evictions; and (c) employers could retain stable employees.

To quantify the impact of its efforts, HomeStart worked with the Boston Housing Authority (BHA) (http://www.bostonhousing.org/en/Home.aspx) to establish the costs of evicting a family and evaluate the efficacy of its program. The analysis was compelling: BHA's cost to evict a family was about $10,000, but HomeStart's cost was only $2,000 to prevent the eviction. HomeStart and BHA tracked 300 households that HomeStart had supported. After 48 months, only 5% of those families had been evicted for nonpayment. Based on these positive long-term social and financial results, HomeStart created the first-ever per-intervention reimbursement rate contract with BHA. BHA now pays HomeStart to *prevent* families from being evicted, which saves the city the costs of eviction and provides a lifeline to struggling families. HomeStart receives 75% of the payment upfront for each household supported and the remaining 25% at the end of 12 months, if families remain stably housed. Through this partnership, HomeStart helps BHA mitigate the government's financial risk and negative social outcomes, and in 2017 alone, saved BHA more than $1,000,000 in eviction-related costs.

Based on HomeStart's experience with BHA, Beacon Communities, the private firm trying to stem evictions, quickly agreed to HomeStart's reimbursement rates and began a partnership to reduce evictions. Beacon Communities' evictions have been dropping ever since, and Beacon Communities has initiated conversations to roll out the HomeStart partnership to other properties, reaching thousands of individuals and families.

Beacon Communities' partnership with HomeStart is an example of marrying good business with community impact—for all residents and property managers—and serves as a model of how private industry can accelerate a positive, social impact.

> *"Our partnership with HomeStart is changing the trajectory of the lives of our residents while simultaneously reducing the number of families that experience homelessness. The value of this partnership goes beyond dollars and cents; it is change management at its core. It is the right thing to do, and the successful outcomes underscore the importance of this program."*
>
> —Dara Kovel, CEO, Beacon Communities

Corporations, Investors, and a Nonprofit Social Enterprise Do Business Together

In 2018, First Step Staffing (FSS) (https://firststepstaffing.com/) expanded operations from its Atlanta, Georgia, home to Philadelphia, Pennsylvania, replicating a successful model of purchasing a for-profit staffing agency and converting it into a workforce social enterprise—that is,

an organization that helps people overcome barriers to employment and find and succeed in jobs. In its first year in Philadelphia, FSS retained 100% of the prior for-profit agency's corporate clients and added 14 new clients.

FSS provides employment services for people transitioning from homelessness, including veterans, formerly incarcerated individuals, and others with barriers to employment. As an alternative staffing agency, FSS places men and women into temporary and temp-to-hire positions with local businesses, and provides supports, including job coaching and transportation to and from work, to make its employees successful. As a nonprofit social enterprise, FSS offers the support services at no additional cost to corporate clients. Rather, the organization reinvests the profits from the staffing agency into these services and obtains additional grant funding to cover the costs.

FSS serves both the business client that is paying for reliable and well-supported staff and the staff who are reentering the workforce and need support to succeed in the workplace and address other challenges, such as unstable housing, health issues, a criminal record, or other obstacles to employment. FSS makes several promises to its business clients:

- Guaranteed on-time employees by providing transportation when needed and incentives for employees who consistently come to work on time and prepared;
- Skills-matching, specialized training, life coaching, and extended job training hours for employees; and
- Competitive pricing with all profits reinvested in the program, services, and people.

FSS also makes the case that working with people transitioning out of homelessness is beneficial to the entire community and local economy. FSS (a) helps people achieve the first step toward economic self-sufficiency and earning power sufficient to maintain stable housing; (b) pays wages to workers whose purchasing power will in turn support local businesses; and (c) potentially reduces the need for costly government services, creates employees who may become tax payers, and supports making the community a more attractive place for new business and investments.

Besides being a client of FSS staffing services, a business can invest in FSS through debt and philanthropic equity. For example, Nonprofit Finance Fund, a New York-based national CDFI, provided loans to support FSS' expansion into Philadelphia. Additional investments and resources came from other CDFIs, philanthropy, the City of Philadelphia, and social investment funds. Opportunities for other businesses and individuals to invest will continue as FSS expands to other cities, as it recently did to Los Angeles, California.

How Businesses Find Partners

Business partnerships with community organizations are good business. But how do businesses identify community partners and make collaborative arrangements? Various paths exist. Some partnerships come from a business's deep knowledge of the local community and its relationships there. Others can be identified through such resources as the Build Healthy Places Network's Partner Finder tool (http://www.buildhealthyplaces.org/partners/). This tool contains directories of many national networks of community development organizations, including the National Alliance of Community Economic Development Associations, the National Association of Latino Community Asset Builder, the National Coalition for Asian Pacific American Community Development, NeighborWorks America, and Opportunity Finance Network. The Democracy Collaborative also has an informative toolkit (https://hospitaltoolkits.org/investment/) for place-based investing. Although the toolkit focuses on healthcare partnerships, it provides several resources that are relevant to all types of businesses. Businesses that invest in people and communities will reap both social and financial rewards most readily when they invest in partnerships with community organizations and social enterprises whose businesses *are* the social good.

Public Health

Collaborations often form when problems are complex, affect multiple stakeholders, and require shared, sometimes risky solutions. Individual organizations may not know where to start, may chip away at the edges of a larger structural problem, or may turn to other mitigation strategies (like relocation) that leave the problem either unaddressed or worse than before. Taking effective action to address longstanding and complex social problems requires multiple partners with a variety of perspectives and a host of tools, strategies, and know-how to drive solutions. Loose collaborations that share a clear vision and can operationalize a plan, with each partner contributing to the whole based on their specific strengths, connections, and opportunities, may be the most efficient approach. Such successful collaborations deploy an asset-based approach where community partners contribute their own micro assets to achieve macro solutions that are coordinated and more effective than the component parts. Public health departments are often at the heart of these community collaborations.

Public health departments collaborate with a variety of organizations to meet shared goals and address the conditions that shape health. They can be creative, dependable, and effective partners of businesses seeking to improve the health of employees (including future employees),

families, and communities. Companies seeking to engage their communities and take actions to improve community health, wealth, and well-being can look to their local public health departments as effective partners.

As a part of city, county, or state governments, public health departments are tasked with an enormous responsibility: protecting the health of the people they serve. They do this by collecting and analyzing data to understand the health threats to a population and where diseases occur in a community. They provide tools and resources and broadcast critical messages to the public that help communities take precautions against a wide range of infectious diseases such as coronavirus, measles, influenza, HIV, and viral hepatitis. Public health departments also collaborate with the communities they serve to develop strategies for preventing and managing chronic conditions; adopting healthy behaviors; and even preparing for weather emergencies, such as hurricanes, tornados, and snowstorms.

Staff of public health departments are well aware of the vital conditions that contribute to favorable health outcomes and have long worked to increase access to community and clinical preventive services. Examples of community preventive services include smokefree air policies, active transportation, and supportive housing; and examples of clinical preventive services include immunizations, cancer screenings, and management of diabetes and hypertension. In addition to providing this technical expertise, public health departments often are well integrated into and respected by the community. In fact, one of the roles of the public health department in the 21st century is to be the chief health strategist of a community, joining with and at times leading community members and stakeholders to solve critical community problems.

Delivering on that role may be a challenge for health departments facing budget constraints, inability to hire critical talent, and the weight of bureaucratic demands. However, when public health departments successfully address community problems and improve community health, it is often because of strong leadership, a creative and talented workforce, essential infrastructure to meet community needs, and strategic partnerships with businesses and other community organizations, including healthcare delivery and academic institutions. The tools used to protect the public's health are also used by businesses, such as robust data analytic capabilities and clear metrics to monitor progress. Flexible and sustained funding and a talented workforce are necessities to support effective public health initiatives. In short, the kinds of supports that foster success for health departments are familiar to every organization or business tackling high-stakes projects.

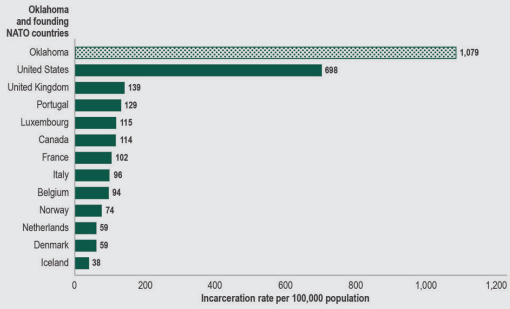
The following example from Oklahoma City, Oklahoma, highlights how public health departments and business leaders worked alongside mission-driven nonprofit organizations to address a complex community problem of critical importance to all.

Criminal Justice Reform in Oklahoma City

The Oklahoma City County Health Department is recognized by peers and colleagues across the state as a "go-to" leader and partner to help solve a range of community challenges. The health department's multi-agency data sharing framework provides a holistic understanding of a range of community issues, and its collective impact model to better serve the community's most needy citizens had already caught the attention of area business leaders. When concern developed in the business community about overcrowding at the Oklahoma County Jail, attendant health and safety issues, and potential federal intervention, the local chamber of commerce approached the challenge as a business problem to solve, and the local health department brought its resources and expertise to bear on finding a solution.

Criminal justice reform may not seem like the obvious challenge to bring together business and health leaders. However, leaders in the business community were concerned about the image of having the highest incarceration rate in the nation (Figure 5.1) created for the city, as well as the moral issues around maintaining an overcrowded jail. For its part, the public health department was concerned about getting residents with mental health or substance use conditions into treatment (rather than jail), keeping families intact, and preventing seemingly modest violations, like a broken taillight, from derailing employment and landing a family in poverty.

Figure 5.1 Incarceration rates in Oklahoma and founding NATO countries



Incarceration negatively affects the broader labor market by creating barriers to current and future employment, and is associated with high rates of death from drug overdose, lower median household incomes, and poor health outcomes. Incarceration also has long-term implications for families and children; even a few days in jail can result in the loss of a job, disrupt childcare arrangements, and affect school attendance and performance. In addition, children of incarcerated parents are six times more likely to become incarcerated themselves.

For businesses in Oklahoma City, cycling thousands of city and county residents through the jail was a workforce issue. For community members, the overcrowded jail reflected poorly on the city and county they called home and did not align with the future they were trying to build. Oklahoma City leaders recognized the business, community, and social dimensions at stake and the health, wealth, and well-being implications for the city and county.

Understanding why so many people were in jail in the first place led business, community, and health leaders to see the problems at the jail as a community-wide issue and both a symptom of and contributor to community concerns like workforce, education, safety, quality of life, civil rights, and justice. Although criminal justice issues are not typically considered health or business issues, business, health, and community leaders could see the connections between (a) pathways to jail, jail overcrowding, and disparities in treatment at the jail and (b) community health, wealth, and well-being and the potential to thrive. As business leaders weighed in on the levels of incarceration, other concerns became evident. H. E. “Gene” Rainbolt, founder of BancFirst said, “We’re running a felony factory. It requires so much state appropriation it takes money away from things that really make a difference such as education, mental health, rehabilitation, and family structure.”

The Greater Oklahoma City Chamber of Commerce convened the Oklahoma County Criminal Justice Reform Task Force and brought in the Vera Institute of Justice to help assess the problem. Findings from the analysis opened the community’s eyes to solutions beyond increasing jail capacity. For example, many incarcerated individuals would be better served, at lower cost, by other city and county programs; and most people in jail had not yet been found guilty of a crime. They were in the pretrial phase and unable to post bail. With a better understanding of how the justice system worked (or did not work) in Oklahoma City and County, community stakeholders, under the chamber’s leadership, turned their attention to reform. They worked with elected leaders; business, health, and education leaders; judges, prosecutors, and attorneys; law enforcement officials; and the public to change practices from the point of citing someone for a violation through jail admission and the court process. Judges started assessing offenders’ abilities to pay before imposing bail and fines. Law enforcement officers were offered alternatives

to arresting low-level offenders. State laws were changed so that law enforcement and justice professionals could work with mental health professionals to provide alternatives to jail for those with mental health disorders. Within 14 months, the jail's population had declined by one-third. By 2017, the number of people in jail fell below 2,000 for the first time in years. Studies suggest community members will be safer and healthier as a result, and crime rates trended down from historical highs in 2008 to 2010 and leveled off through 2017.

With local businesses and the public health department working together, along with other partners, under the auspices of the Greater Oklahoma City Chamber of Commerce, the City and County were able to address a real and perceived blight to the city's image and the future it wants to create, in a way that builds value for people and place and increases opportunity for greater community health, wealth, and well-being.

A Promising Partnership

While collaboration can be challenging and time-consuming, addressing entrenched community problems requires cooperation among stakeholders who may have limited experience working together and, in some cases, may represent competing interests. Including a range of stakeholders, however, brings more assets and greater "buy-in" to address the problem in the first place and to implement the identified solution in a sustainable manner. Public health departments, given their interdisciplinary nature and their broad mandate of protecting the public's health, are a flexible and effective partner for businesses. With expertise in population health and health promotion, trusted relationships with the community and community organizations; knowledge of pathways to make policy- and system-level improvements; and expertise in data collection, analytics, and interpretation, public health departments can bring rich resources to the table.

Strengthening the vital conditions that produce health is a shared responsibility. Forming local collaborations and alliances that bring in the leadership, assets, financial resources, strategic thinking, and know-how from multiple entities and organizations in the public, private and nonprofit sectors is necessary to improve community health and increase economic prosperity.

With expertise in population health and health promotion, trusted relationships with the community and community organizations; knowledge of pathways to make policy- and system-level improvements; and expertise in data collection, analytics, and interpretation, public health departments can bring rich resources to the table.

Philanthropy

Partnerships across sectors, including public, private, and nonprofit sectors, have traditionally been viewed as reserved for large capital campaigns (as described in Chapter 4). However, with increasing frequency, communities turn to these partnerships, on behalf of a variety of issues—including health, poverty, and child development—and do so in ways that advance community health, wealth, and well-being. Foundations and philanthropies can be critical additions to these partnerships. Whether operating at the local, regional, or national levels, foundations and philanthropies are often effective partners that increase impact, contribute innovative strategies, and help align investments. They can bring rich community knowledge, long-standing relationships, and a range of resources, including investment resources, to the table to achieve shared goals.

Working with foundations and philanthropies, as with any partnership, takes a commitment and can be challenging, even for business partners. Each foundation works differently and has its own set of guidelines and funding priorities. Expectations for open communication, follow through, and strategy alignment can become mired in stifling processes that slow progress. Successful partnerships with philanthropy require leaders who are aligned with each other, understand their shared goals, and have a clear understanding of how the assembled organizations can work together.

> *"Successful companies are asking themselves not whether charity donations would build their reputation but how they can make a lasting difference in the world."*
>
> —Waterford.org

When aligned and focused on impact, philanthropies, like businesses and nonprofit organizations, invest to achieve efficient, effective actions that address societal problems and achieve shared goals. Indeed, partnerships and collaborations make success more likely. Philanthropies bring resources to the table, including funding, flexibility, adaptability, skills and experience, particular expertise (such as working with media) and high expectations. Additionally, philanthropies often have powerful networks and connections with donors, elected representatives, and community leaders that can contribute to the success of an investment.

Philanthropies operate in three ways to pursue goals and create value for the purpose of furthering a social change agenda aimed at improving communities:

1. **Organization funders** seek to nurture and drive additional funding toward specific grantee organizations that have high-performing leaders and can execute on business and philanthropic investments.

2. **Field builders** seek to grow community capacity to address community problems and focus on making that capacity resilient, sustainable, and effective.
3. **Goal aligners** are more loosely collaborative, identifying strategic overlap among philanthropic, corporate, and governmental goals and seeking to coordinate grants and investments that foster consistent progress toward an overarching goal.

Understanding which of these purposes the partnership is engaged in is essential to working effectively together, as is being clear about the value each partner brings to the table and expects to produce as a result of the partnership.

Effective partnerships and collaborations, especially in the service of complex community projects, almost always require a backbone organization to help maintain focus and provide essential convening functions, such as strategy sessions, administrative and office support, and fundraising for community programming. Overhead is essential to maintaining these kinds of routine but critical supports for community change efforts. When grantwriting to foundations or inviting foundations to the table, asking for 15–25% overhead on program grants can help to fund the administrative and office supports required to get these efforts off the ground and functioning well. Alternatively, businesses and philanthropies might step forward to serve in the backbone role or provide funding or offer space, staff, resources, and knowledge to ensure the backbone functions are delivered.

The Collaborative Model

Collaborative philanthropy, also known as impact philanthropy (Box 5.1), involves working together with other funders, businesses, nonprofit organizations, and even investors to accomplish what none of the entities might be able to accomplish on their own. By pooling together financial, technical, and knowledge resources; time; and staff, these collaborations can chart a path to solve thorny societal problems. Especially when social initiatives are embedded in a foundation's or company's long-term strategy and core operations, the organization's success may depend on the value the collaboration is able to deliver to society.

Value for businesses that engage in philanthropic collaborations can include improved employee morale, enhanced brand loyalty, expanded product reach, and financial returns on business investments, especially if the problem is addressed by way of a profitable venture. Philanthropies and nonprofit organizations accrue value as well, including greater resources for social innovation, mission fulfillment, strengthened reputation, and even strategic enhancements gleaned from business partners. For all collaborators, the achievement of the sought-after community improvement is the major value.

BOX 5.1: THE COLLABORATIVE MODEL IN ACTION

"Blue Meridian Partners [https://www.emcf.org/our-strategies/blue-meridian-partners/], launched in 2016, has raised more than $1.7 billion in investment capital from 14 funding partners and has approved a total of $350 million for its first nine recipients. 'We are trying to identify the most promising strategies, with an evidence base, that can potentially move the needle for the most disadvantaged kids in poverty in the United States,' said Nancy Roob, president and CEO [chief executive officer] of the Edna McConnell Clark Foundation and Blue Meridian Partners' founding CEO. 'We seek out leaders who have a vision for solving a national problem and help them achieve that goal by reaching the national scale required. So we measure our progress on whether or not our investments help leaders achieve that objective. And each one is different.' Blue Meridian Partners grantees work to create large-scale change in a range of fields—including healthcare, child welfare, and criminal justice."

"The core funder value proposition . . . includes surfacing promising investment opportunities, conducting due diligence, and, in many cases, building grantee capacity and monitoring grantee performance. Blue Meridian Partners, for example, supports its grantees to develop detailed scaling plans and uses these plans as a way to measure progress. George Pavlov, who directs philanthropic giving for the Sergey Brin Family Foundation and participates as a general partner in Blue Meridian Partners, explained that there is 'no way we could build the same capability for our share of the annual expenses. [Being part of this collaborative] gives us best-in-class capabilities and flexibility'."

Financial investments are a critical part of collaborative philanthropy (Box 5.2), but much more than grantmaking and gift-giving is required to achieve the desired impact (also see Chapter 3). Thus, while collaborative philanthropy demands more of the collaborators—more than just money—it is the collaboration among participants that helps to ensure the additional contributions of time, knowledge, strategic thinking, accountability, and support are spread across the participants who can remain focused on their main priority of running a business (corporate, philanthropic, nonprofit, or otherwise).

BOX 5.2: REJUVENATION OF THE HIGHLANDER NEIGHBORHOOD: A PHILANTHROPY-LED PARTNERSHIP

Highlander neighborhood is situated on 34-acres just north of downtown Omaha, Nebraska. The neighborhood, a former public housing site, consistently experienced the highest rates of crime in the state. The local housing authority partnered with Seventy Five North to redevelop the area into a mixed-income neighborhood, tying it to the turnaround of nearby Howard Kennedy Elementary School. Seventy Five North is a nonprofit organization established by The Sherwood Foundation, an Omaha-based private foundation, for the purpose of redeveloping the neighborhood. Highlander neighborhood is bordered by a local federally qualified health center and the Urban League of Nebraska, setting the stage for a rich collaboration to strengthen the neighborhood.

An award-winning community accelerator forms the heart of the revitalized Highlander neighborhood. Community accelerators are convening places for people and organizations to find project support, build networks, and develop collaborations. The accelerator hosts several amenities for residents and surrounding neighborhoods. The local private college and the community college hold courses, from basic literacy to computer science, at the accelerator. A technology center gives students and residents access to wi-fi and shared working space.

During the summer months, the Highlander neighborhood is filled with public markets, movie nights, and weddings at the event hall. Three restaurants and a bar have also opened. As a result of the evident progress, the U.S. Department of Housing and Urban Development awarded Seventy Five North and the City of Omaha a $25 million Choice Neighborhood Implementation Grant to redevelop another public housing site nearby. To date, the local philanthropic partners have committed more than $35 million to these associated redevelopment efforts, adding their funding to government funding to help produce the best possible outcomes. In addition to the capital expenses, foundation support includes program grants to a variety of local nonprofit organizations that focus on food security, education, child welfare, financial wellbeing, arts, health, and mental health.

Omaha's corporate community contributed time, expertise, and financial resources to redevelop the Highlander neighborhood. For example, a local restaurateur advised on the design and management of the restaurants at the accelerator; a senior vice president from a local business served on the board of directors of Seventy Five North; and an area developer assisted with contract negotiations for the project.

Although many foundations and philanthropies were established by business leaders, corporate philanthropy is a subset of philanthropy overall. Corporate philanthropy continues to evolve as the practice becomes more focused, more outcomes-oriented, more specifically aligned with business strategies and goals, and more deeply integrated into business operations. As part of this evolution, businesses are responding to the demands of customers while employees and shareholders are (a) seeking a competitive advantage, greater reach, and richer brand loyalty and (b) recognizing the need to share the benefits of the company—the value created—with the communities they call home or service. The rich partnerships forged through collaborative philanthropy can create success in each of these areas, for all collaborators. Philanthropy is almost always an exceptional partner when contemplating efforts to help a community thrive, to increase economic opportunity, and to unleash human potential.

Anchor Institutions

Healthcare systems and educational institutions are some of the largest employers in many states and regions of the United States. These businesses spend more than $1 trillion a year on employees and goods and services, have endowments in excess of $750 billion, and employ 8% of the U.S. labor force. These businesses have significant effects on local economies and are powerfully positioned to improve the health and economic ecosystems of the communities in which they reside.

Anchor institutions are place-based economic engines with an embedded social mission that is inextricably linked to the long-term well-being of their surrounding communities. They can be public, private, or nonprofit businesses and employers. Hospitals and universities are leading examples of anchor institutions and can play critical roles in strengthening the communities they serve by better aligning institutional resources with the needs of those communities.

An anchor mission framework is a systems approach whereby institutions use their resources—like hiring, purchasing, and investing—to intentionally improve the financial security of area residents, strengthen the local economic ecosystem by making it more economically and racially equitable, and address the community conditions that shape health. The anchor mission framework strives to build wealth for the community and meaningfully address the vital conditions of health in a community.

For example, the University of Massachusetts Memorial Health Care (UMMHC) is an anchor institution that implements the anchor mission framework. In 2017, executives at UMMHC noted the significant toll of poor social and economic conditions on community health outcomes.

UMMHC embraced the anchor framework to tackle poverty and unemployment, poor housing, lack of access to care, food insecurity, safety and violence, and other problems. After thoroughly assessing the impact of adopting and implementing the anchor mission framework, UMMHC's board of directors voted to proceed with several anchor mission strategies:

- Allocate 1% of its investment portfolio to targeted community investments with an expected return;
- Provide targeted technical training for entry-level positions for current and prospective employees;
- Intentionally recruit trainees from targeted neighborhoods; and
- Build an effective system for local purchasing.

With these strategies for anchor institutions in place, UMMHC implements best practices for sustained community impact.

The following section explore several strategies for anchor institutions and include examples from healthcare, higher education, and other businesses.

Inclusive Local Sourcing

To increase the income and economic health of local neighborhoods, anchor institutions seek to do more business with local businesses. Hospital systems nationwide spend $472 billion on goods and services annually, and institutions of higher education spend more than $43 billion annually on goods and services. Shifting even a small fraction of this spending to local, minority-owned, women-owned, or employee-owned businesses is a powerful way to improve community health and address racial, social, and economic inequities.

- **Cleveland Clinic,** located in Cleveland, Ohio, is increasing its procurement and construction purchasing from minority- and women-owned businesses and facilitating a mentor–protégé program to build the capacity of those businesses. Cleveland Clinic supports the Evergreen Cooperative, a network of start-up, worker-owned businesses in the community. Through this support, the Cooperative expanded the capacity of its laundry services business, creating 100 local jobs and building community wealth by allowing employees to share business ownership in the hospital's supply chain.

- **Metropolitan State University** in Minnesota is a member of the Central Corridor Anchor Partnership, a group of education and medical institutions aggregating demand to support local suppliers in low-wealth neighborhoods along Metro Transit's Green Line between Minneapolis and Saint Paul. The university implemented a pilot program to connect farmers in the Hmong American Farmers Association (HAFA) with the university's catering vendors. HAFA is a cooperative in Minnesota that promotes locally produced foods. A local healthcare anchor, Fairview Health East, also has a partnership with HAFA for Community Supported Agriculture programs to increase access to healthy, affordable produce for patients at several of its clinics.
- **Virginia Commonwealth University (VCU)** is committed to diversifying its procurement supply chain as part of the Commonwealth of Virginia's Small, Women- and Minority-owned Businesses (SWaM) Procurement Initiative. VCU solicits diverse businesses to participate in its procurement and encourages contractors to look for opportunities to engage SWaM firms as subcontractors. To track and assess progress on the SWaM goals, VCU maintains a public dashboard that documents outreach and participation.

Inclusive Local Hiring

To increase the income of neighborhood residents, anchor institutions often hire local employees and create pathways to turn entry-level jobs into careers, especially for those with barriers to employment and advancement. These are ways through which anchor institutions create economic opportunities for the communities they serve.

- **RWJBarnabas Health,** a network of independent healthcare providers in New Jersey, is a founding member of the Newark Anchor Collaborative. The collaborative seeks to grow economic opportunities and well-being in the City of Newark. For example, the Newark 2020 initiative aims to hire 2,020 additional Newark residents by 2020. By January 2020, RWJBarnabas Health had hired 466 residents of Newark, exceeding its goal of 350 hires.
- **Fairview Health Services** in Minnesota has an internal workforce development team to develop hiring pipelines and career pathways for employees, students, and community residents. Fairview Health Services has funded apprenticeships, on-the-job training, and tuition support for 4-year degrees and other credentials for 220 nurses and healthcare workers, including recruitment of women and members of minority groups. In addition, Fairview Health Services sponsors 200 paid internships and career pathways annually. As a result of the developmental work of Fairview Health Services, 43 residents have been

hired through the Cedar Riverside Opportunity Center, 75 students have been hired through the Central Corridor College Fellows program, and 99% of participants in the work-learn program have been retained for work.

- **Rutgers University–Newark's (RU–N's)** anchor mission is one of the highest priorities of its strategic plan launched in 2014. The plan calls for RU–N to invest in kindergarten through high school, associate, bachelor, and graduate degree educational pipelines and pathways; strong, healthy, and safe neighborhoods; arts and cultural districts and initiatives; regional economic development; and science and the urban environment. RU–N has partnered with the City of Newark and other local anchor institutions, like RWJBarnabas Health, on Hire.Buy.Live.Newark initiative to reduce poverty and unemployment and strengthen the city's economy.

Equitable Economic Development and Place-Based Investing

Anchor institutions, particularly healthcare anchors, play a unique role as place-based investors—using their long-term financial reserves locally and strategically tapping underutilized assets to fill market gaps in lending and investment. By allocating a portion of their investment portfolios to projects and aligning them with other discretionary funds, investors can combine stable returns with social impact and create long-term solutions.

- **CommonSpirit Health (legacy Dignity Health)** has an organizational policy to allocate up to 5% of its investment portfolio for low-interest loans to nonprofit organizations that are supporting community health and well-being. In 2016, CommonSpirit Health provided a $3.1-million loan to support the construction of a transit-oriented complex in central Los Angeles. The complex includes 50 permanent and 450 transitional housing units for more than 500 people experiencing homelessness.
- **Bon Secours Mercy Health** is investing up to 5% of its long-term reserve fund in community development financial institutions that serve low- and moderate-income communities. (Chapter 4 provides more details about community development financial institutions.) Bon Secours Mercy Health has worked toward achieving this target by annually increasing its asset allocation by approximately $3 million. Since instituting this policy in 2008, the health system has shifted $34 million, or about 3% of its $1.1 billion long-term reserve fund, to support affordable housing, economic development, community facilities, and other projects that benefit the health and well-being of members in the communities it serves.

Inclusive planning can improve the development of workforce pipelines and strengthen local and diverse business development. Collaborating with community residents helps to build trust with community members, allows for deeper partnerships, and shifts the anchor institution from "doing for" to "doing with" the community.

- **University Hospitals Rainbow Center for Women and Children** in Cleveland, Ohio, is a 40,000-square-foot, three-story facility designed with the help of a community advisory board to better meet the needs of the community. The board comprised about 60 members of the community, including neighborhood residents and individuals working in areas connected to community health and well-being, such as public health, education, and employment. Because of the community advisory board, a significant design element was added that provides residents with a one-stop center for their essential needs: co-locating multiple services, including health services; legal services; Women, Infants, and Children (WIC) Program office; and a pharmacy.

A Role for Businesses

Businesses of all types can serve important roles as anchor institutions, as investors, and as part of anchor collaboratives to support locally targeted job training and hiring, local procurement, and equitable development. Like health systems and universities, other businesses have relationships with the communities in which they operate, understand the reciprocal nature of healthy environments (i.e., when the community thrives, businesses thrive), and are often committed to supporting their communities. However, many businesses have not yet learned about the anchor mission framework and how they can be more socially engaged and intentionally align their resources to strengthen neighborhoods to be healthy and wealthy for the long term.

Other businesses have already engaged as anchor institutions (or joined with anchor institutions) to be part of the solution.

- **Quicken Loans,** the nation's largest mortgage lender, took an all-in stance in its headquarters in Detroit, Michigan, and found new life. In 2011, the company moved its entire Michigan workforce to downtown Detroit, including some 17,000 employees of Quicken and related companies. In the neighborhoods, Quicken's philanthropic arm has initiatives to prevent foreclosures and rehabilitate blighted homes, seed new businesses, and prepare workers to take part in the growth of specific industries.

- **Prudential Financial** is deeply rooted in the community, having conducted business for more than 140 years in Newark, New Jersey. Prudential Financial is one of several partnering organizations in Hire.Buy.Live.Newark and Newark 2020—both of which are part of an economic development vision designed to connect city residents to job opportunities. Prudential Financial is a founding member of the Newark Anchor Collaborative, which launched in 2018 to grow economic opportunities and well-being for the City of Newark. Other founding institutions include Audible.com, RWJBarnabas Health, New Jersey Institute of Technology, New Jersey Performing Arts Center, RU–N, and Rutgers Biomedical and Health Sciences. By working with diverse and committed partners to do more purchasing, hiring, and investing at the local level, more resources can be leveraged for the benefit of the local community.
- **New Orleans Business Alliance (NOLABA)** provides another model of private sector involvement and engagement with anchor institutions. NOLABA oversees the city's strategic plan for economic growth. Industry councils and working groups implement many of NOLABA's recommendations. NOLABA strives "to unite a diverse community of stakeholders to catalyze job growth, create wealth, and build an equitable and sustainable economic future for New Orleans." LCMC Health; such corporations as JPMorgan Chase, Entergy Corporation, Harrah's New Orleans Hotel & Casino, and Shell Oil Company; and such foundations as Surdna Foundation and W.K. Kellogg Foundation have invested in the strategic plan.

> *"Anchor institutions are unique in the strength that they bring to the city where they're housed, whether it's our purchasing power, the power of our employees, or the resources that we have at our disposal. This three-pronged approach is a very comprehensive way of using what's best about our institutions to create good by helping to drive inclusive economic growth for Newark's residents. Hire local—how do we think about training and employing Newark residents? Live local—how do we think about encouraging and incentivizing our employees and associates to live in the city where they're working? And buy local—how do we direct our dollars to support local businesses, which in turn are hiring local residents?"*
>
> —Lata Reddy, Head of the Office of Corporate Social Responsibility at Prudential Financial

Finally, new models of business enterprise are emerging that support community health, wealth and well-being through other frameworks and mechanisms, including employee ownership (Box 5.3).

BOX 5.3: AN EMERGING MODEL OF THE BUSINESS ENTERPRISE IN COMMUNITIES

Some mission-led, employee-owned private companies are taking other approaches to help strengthen their communities and employees. This emerging model embodies a powerful enterprise design: businesses that benefit society and larger living systems of the earth. The Democracy Collaborative calls these firms "next-generation enterprises." More than 50 of these companies operated in the United States in 2019. Employee ownership of these firms takes one of many forms, such as Employee Stock Ownership Plans (or ESOPs), worker cooperatives, or employee ownership trusts. The common best practice is that employees own at least a 30% stake in the company. These companies often have a clear and authentic mission to benefit the public, which often includes environmental and social benefits.

Next-generation enterprises range in size from only a few employees to thousands of employees. Recology, a San Francisco-based waste management and recycling firm with revenues of $1.2 billion, has 3,500 employees and is 100% employee owned. Next-generation enterprises operate across a variety of industries and include such nationally known brands as Eileen Fisher and the King Arthur Flour Company, as well as lesser known companies.

"Many CEOs of these firms are leaders in sustainability and workplace democracy. All of these companies are experimenting with multiple approaches—participatory management, multi-stakeholder governance, alternative leadership models—to create businesses that are good for employees, good for the environment, grounded in the community, and governed by a mission."

This new mission-led, employee-owned business model promotes environmental sustainability and social equity, providing a glimpse into how businesses might operate in an economy that truly embodies the values of equity, sustainability, and community.

Anchor institutions are some of the largest employers and businesses in their areas. As significant economic engines, they play an important role in catalyzing local economies and building community wealth that, in turn, improves health and economic opportunities for residents. For-profit businesses can help to build the economic ecosystems of their surrounding neighborhoods by becoming anchor institutions or supporting anchor mission strategies and engaging with anchor institutions and anchor-involved collaboratives. This is an opportunity for companies to align their values, corporate culture, staff volunteerism, and customer and community expectations with strategies that build healthy, sustainable, and thriving communities.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 5. The tools and resources were created by such businesses and organizations as American Institute of Certified Public Accountants; Centers for Disease Control and Prevention; The Democracy Collaborative; Public-Private-Partnership Legal Resource Center, World Bank Group; and others.

THE CHICKASAW NATION
Investing in Community



Community Challenge | Imagine living in an area described as a severely distressed census tract—meaning few jobs, plenty of high school dropouts, poor housing options, high rates of incarceration, large swaths of prime-age adults not working, and a poverty rate greater than 31%. The struggle to achieve a satisfactory quality of life can be overwhelming in such a place.

Now, imagine being a part of the Chickasaw Nation, which has made extraordinary progress to lift its people out of poverty and improve opportunities in severely distressed communities. Leaders of the Chickasaw Nation have created businesses to support the tribal government and offer opportunities to tribal citizens and community members. Despite such success, the lack of broadband Internet access limits opportunities for members of the Chickasaw Nation and the larger community.



Scenario | As a sovereign nation, the Chickasaw Nation has built a broad portfolio of businesses to generate revenues that support tribal programs and services. These economic development efforts have accelerated dramatically under the leadership of Bill Anoatubby, governor of the Chickasaw Nation since 1987, with the development of a number of businesses across several industries, including technology, entertainment, hospitality, media, and health. With a reliable revenue stream, the Chickasaw Nation began to diversify its business and social program portfolios. However, strengthening economic development, education, and healthcare throughout the Chickasaw Nation depended on reliable broadband Internet connectivity.



Action Taken | More than 60% of people who live in the Chickasaw Nation's 13-county service area in Oklahoma did not have access to broadband Internet service. Recognizing the need to address the poor infrastructure for quality Internet service, the Chickasaw Nation Secretary of Commerce, Bill Lance, requested $14–$20 million from Governor Anoatubby to install a 250-mile fiber optic cable that would encircle the Chickasaw Nation's territorial boundaries. "To ensure we would be able to meet demand for future

generations," the Chickasaw Nation Deputy Secretary Dakota Cole said, "the decision was made to install three pieces of conduit to supply three times our estimated long-term needs."

With the governor's support, Trace Fiber Networks, LLC, launched in 2016. The name pays homage to Natchez Trace—a forest trail and trade route in Chickasaw's historic homeland in Mississippi and Tennessee. With the limited liability company, the Chickasaw Nation worked with financial institutions, undertook competitive bidding for contracts, developed a team of contracting partners, and began conversations with stakeholders. The State of Oklahoma assisted with gaining rights of way and other technical aspects of the project. The Chickasaw Nation bartered with the Oklahoma Community Anchor Network, which already had 1,000 miles of high-speed fiber across Oklahoma, to swap out fiber in places with redundancies, and learned that the Federal Communication Commission had given tribal entities the right to claim, free of charge, whitespace spectrum for high-speed Internet access. As a result, the Chickasaw Nation expected to (a) provide more than 180 locations with high-speed Internet connectivity by the end of 2020 and (b) obtain a return on investment within 7 years.

"This is just as much a story of equity as it is a story of connectivity. You can't begin to level the playing field if you don't have access to the same information," the Chickasaw Nation Undersecretary of Technology & Innovation Commerce Chris Shilling said. "This will provide a transformative opportunity for the group of citizens and individuals in rural Oklahoma that will chip away at capital inequity and education inequity that we see across the country."

Key Takeaway | For the Chickasaw Nation to succeed, its businesses have to succeed. In today's economy, a gap in broadband services can leave people behind. Leaders of the Chickasaw Nation are determined to close that divide. "Access to broadband Internet is becoming increasingly essential . . . to enhance education, economic development, housing, and career opportunities of the Chickasaw people," said Governor Anoatubby. "Enhancing these opportunities builds a foundation of prosperity that plays an important role in promoting community health."



CHAPTER 6.

Data Steps for Businesses and Partners to Address the U.S. Health Disadvantage and Monitor the Business Impact

OVERVIEW

Businesses can use a data-driven approach to improve health and economic prosperity among employees and broader communities. Based on an environmental scan of validated outcome measures, this chapter explores processes and measurements that help businesses develop programs and policies to foster health and prosperity, with a focus on those most in need.

KEY TAKEAWAYS

- Businesses use data for their operations but often overlook the use of data to understand the impact of their business on the health, wealth, and well-being of employees, customers, and communities.
- A data-driven approach to community engagement and investment
  - Can help businesses identify strategies that (a) create a healthier workforce and more prosperous communities and (b) monitor their progress in achieving specific outcomes; and
  - Offers businesses and employers a pathway to make broader improvements and measure their contributions and returns in the context of the larger ecosystem of communities and society.

Introduction

As the coronavirus pandemic of 2020 has made abundantly clear in the United States, business-as-usual is no longer an option. The solution to the U.S. health disadvantage—a disadvantage exemplified by the spread and lethality of the virus and exacerbated by unprecedented job losses (and the loss of employer-provided health insurance)—lies in expanding equitable health, wealth, and well-being for all people and places across America. Although some people were averse to the idea of shutting down parts of the economy in order to protect health, others saw an opportunity to strengthen health and the economy together. For businesses that are ready to invest in communities, this report recommends a data-driven course of action to rebuild community health and economic prosperity in the United States in ways that are good for business and good for the whole of society.

Although businesses are used to using data to inform and track their operations, they often overlook the use of data to better understand the impact of their business on the health, wealth, and well-being of their employees, customers, and communities and fail to use data to identify the best opportunities and strategies and to monitor their progress. Box 6.1 provides an example of using data to identify supply and demand for early child education, by neighborhood, to best seize business opportunities and meet consumer demand.

BOX 6.1: USING DATA TO EXPAND HIGH-QUALITY EARLY CHILDHOOD EDUCATION

Fund for Quality (FFQ) was launched in Philadelphia as an effort to expand quality childcare options in areas that are undersupplied. FFQ is a partnership between The Reinvestment Fund and Public Health Management Corporation (PHMC) with support from the William Penn Foundation and the Vanguard Strong Start for Kids Program™. FFQ works to ensure that every child—no matter what neighborhood they live in or where their family works—has access to the best possible start in life through a high-quality early childhood education.

FFQ's strategy is to invest in projects that increase the availability of high-quality childcare in the areas of the city where data show it is most needed. FFQ offers business planning support and facilities-related funding for the renovation of existing centers or expansion to new facilities. The high-impact investments are based on a neighborhood-level analysis developed by The Reinvestment Fund. The analysis identifies the gaps between the supply and demand, neighborhood by neighborhood. FFQ then targets investments that give more children the opportunity to get the high-quality early childhood education needed for a strong start. FFQ's strategy is driven by accurate information about unmet need in the community. The Reinvestment Fund is replicating this model in Atlanta.

With additional support from the Vanguard Strong Start for Kids Program and Public Citizens for Children and Youth, The Reinvestment Fund is expanding its analysis to provide more granularity on infant and toddler care—the time when important brain development takes place. Vanguard, an investment advisor based in Malvern, Pennsylvania, is increasing its childcare support by working with The Reinvestment Fund and PHMC to create financial tools and resources for early childhood education providers to improve their financial stability and guide business decision making. Known as the Early Childhood Education Fiscal Hub, the program allows providers to compare themselves to their high-performing, high-quality peers and to use those benchmarks for their own operations planning and budgeting decisions. Thanks to this robust collaboration, more children in Philadelphia will get the safe, healthy, and engaging care they need and deserve during the most critical stage of their lives.

Businesses generally have not adopted a consistent process to integrate health measures into their core planning processes. Some possible reasons include a lack of consensus about what to measure and how to measure it, and whether investing in health, wealth, and well-being improves the bottom line and leads to a return of value. What does help: simplicity, connection, and rigor in the data businesses collect and the outcomes they choose to measure. A data-driven approach can help businesses identify strategies that create a healthier workforce and more prosperous communities and to monitor their progress in achieving specific outcomes.

> *"What a society chooses to measure will in turn influence the things that it seeks. If a society takes great effort to measure productivity, people in the society are likely to focus more on it and sometimes even to the detriment of other values. If a society regularly assesses well-being, people will give it their attention and learn more about its causes."*
>
> —Centre for Bhutan & GNH Studies

Businesses are already using data to identify the needs and best interventions to improve employee (people) and community (place) health and well-being, and to monitor progress in doing so. Common uses of data by businesses include (a) understanding the health and well-being of people an employer is associated with (e.g., using Health Risk Assessments for employees and their families, and mapping data to understand the communities in which they do business); (b) selecting populations to work with or health conditions to address to improve employee health (e.g., mental health); (c) establishing measures to assess short-term impacts of improvement initiatives (including anecdotal evidence and quantitative measures); and (d) measuring system, workplace policy, and culture changes (e.g., HERO Scorecard and the WELCOA Checklist).

Several organizations help businesses analyze data in a place-based way (e.g., Geographic Information System [GIS] mapping and HERO Culture of Health). Businesses are using these data to

- Map the value chain and understand total value or total return on investment of a set of initiatives (e.g., Shared Value Initiative, and Sustainability and Health Initiative for NetPositive Enterprise);
- Develop a balanced portfolio of strategies to improve employee, community, and system well-being (e.g., Pathways to Population Health);
- Measure impact over the short-, medium-, and long-terms using process outcomes related to specific initiatives (e.g., 100 Million Healthier Lives); and
- Understand the overall impact on population health and well-being across people and places (e.g., Well Being In the Nation measures).

These emerging strategies expand the playbook for action to align with a broader array of core business practices and extend beyond employee benefits, which have been the historical provenance of wellness programs. One such strategy, the Shared Value Initiative, focuses on the following:

- "**Reconceiving products and markets:** Meeting societal needs through products and addressing unserved or underserved customers

- **Redefining productivity in the value chain:** Changing practices in the value chain to drive productivity through more efficient use of resources, employees, and business partners
- **Enabling local cluster development:** Improving the available skills and supplier base and supporting institutions in communities where a company operates to boost productivity, innovation, and growth."

Pathways to Population Health (P2PH), developed through 100 Million Healthier Lives and adapted as part of Well Being In the Nation for Business, brings these three types of action together in a connected strategic approach to improving the well-being of people and place, with a focus on those most in need. This framework supports employers to improve the health and well-being of people they directly reach (customers and employees) by improving their mental, physical, social, and spiritual well-being and the well-being of places the business relates to (in terms of location, operations, and customer base) through focused action addressing vital conditions. Importantly, P2PH focuses on ensuring resources are mobilized for those who aren't thriving, both as a priority for businesses and an opportunity to unlock human, community, and economic potential.

The Well Being In the Nation or "WIN" framework, which was released in 2019, and its associated measures, which were developed with support from the National Committee on Vital and Health Statistics with more than 100 organizations, businesses, and communities, is organized around nine core measures related to people and place and focused on those who are not thriving. The P2PH and WIN frameworks offer businesses new opportunities and strategies to enhance their impact using levers already available to them. (See Appendix B for more information on these frameworks.)

Five Steps to Identify Measures That Matter

Below is an implementation strategy for businesses seeking to create a practical and strategic measurement plan to identify and understand the impact of initiatives focused on improving community health, wealth, and well-being.

1. **Develop a process for identifying measures that matter** together with employees, customers, community partners, and people in places that are not thriving. The process of looking at one's data, understanding the stories of people in the workforce or communities who are not thriving, and developing plans together with them can offer a powerful way to improve well-being and engage with the lives of employees and communities. Change efforts that do this are far more likely to achieve sustainable impact.

2. **Choose a balanced set of process and outcome measures** that change over the short, medium, and long term. Short-term process measures and intermediate outcome measures are essential for driving improvement cycles and better align with business operations. Longer term measures are essential for knowing whether there is progress over time by focusing on long-term change, not just quick wins. Box 6.2 presents additional criteria for selecting measures that might be relevant to businesses.

BOX 6.2: CRITERIA FOR SELECTING A MEASURE

"Overall (basic information for all nominated metrics):

- Domain
- Subdomain
- Proposed metric
- Source of metric
- Link to website for more information
- Level of data available (national, state, county, subcounty, ZIP code, community, etc.)

Important

- Potential to drive improvement in health
- Potential to drive improvement in social drivers of well-being
- Potential to drive improvement in equity
- Aligned with major national/global strategy
- Potential to develop new knowledge about what creates well-being

Objective and effective

- Strong evidence that this improves health, well-being, and equity
- Valid
- Reliable
- Benchmarking available

Feasible

- Data already collected, analyzed, and reported
- Cost of additional collection/availability of resources to support collection
- Burden of collection and reporting
- Groups ready to adopt

Usable and useful

- Timeframe data changes within (rating: 3 if less than quarterly, 2 if less than yearly, 1 if yearly, 0 if more than yearly)
- Timeliness of data availability (rating: 3 if less than quarterly, 2 if less than yearly, 1 if yearly, 0 if more than yearly)
- Usefulness to communities
- Usefulness to researchers/national stakeholders
- Meaningfulness to people with lived experience
- Currently used by/could be used by? (Name initiatives/organizations actively using)
- Level of data availability"

3. **Choose outcome measures that matter** to a wide range of stakeholders and apply across initiatives (this step is also known as a materiality assessment). The WIN measures offer a great place to start (see Box 6.3 for an example). In addition to being helpful in supporting collaboration across sectors, WIN heavily emphasizes the relationship between economic prosperity and health and well-being throughout the framework, considering the well-being of both people and place.

BOX 6.3: A MEASURE OF WELL-BEING OF PEOPLE

One scale, Cantril's Ladder, asks people to rate their well-being by marking an "X" on a simple drawing of a ladder, where the bottom rung is their worst possible life and the top rung is their best possible life, today and 5 years from now. This measure has been tested for use by businesses via the Gallup-Sharecare Well-Being Index; has reliable, publicly available benchmark data by place in more than 150 countries and many counties in the United States; correlates to business outcomes that matter, such as workforce productivity; and also correlates with major population health outcomes, such as morbidity, mortality, and cost.

4. **Identify process and intermediate outcome measures** aligned with a balanced portfolio of initiatives and measures related to improving the well-being of people and places, especially for those most in need. The environmental scan (Appendix B) identifies ways businesses are working to improve each of these three areas. Process and intermediate outcome measures should be tied to the specific strategies and initiatives.
   - For example, suppose AnyBusiness, Inc., has, after conversations with employees and the community, identified access to safe and affordable housing as an urgent need in the community. AnyBusiness might consider a range of strategies to address the need, along with associated process and intermediate outcome measures.
     - Investing directly in affordable housing developments or providing rental subsidies to employees.
       - *Example process measure:* Number of employees living in affordable housing or using a company subsidy.
       - *Example outcome measure:* Percent of employee households paying 30% or more of their income on housing.
     - Offering wages to employees that are commensurate with the cost of safe, quality housing in the area and encouraging other businesses to do the same.
       - *Example process measure:* Number of businesses offering commensurate wages.
       - *Example outcome measure:* Percent of employees earning commensurate wages or higher (compared with baseline).

- Investing in outdoor lighting and neighborhood peer safety groups in areas of the community (if residents have identified this as a potential solution)
  - *Example process measure:* Number of outdoor lights installed.
  - *Example outcome measure:* Percent of residents who feel safe walking in their neighborhoods after sunset.
- Supporting afterschool leadership and job training programs for youth or other initiatives that help to build hope, community resilience, and belonging, such as the development and funding of neighborhood councils.
  - *Example process measures:* Number of youth engaged in afterschool programming, number of neighborhood councils funded, or number of community-generated solutions implemented.
  - *Example outcome measures:* Percent of community members responding "yes" to, "People around here are willing to help their neighbors," and scores on a youth well-being scale.
- Joining community revitalization efforts that preserve mixed-income and affordable housing.
  - *Example process measures:* Number of affordable housing units created or preserved.
  - *Example outcome measures:* Educational outcomes (e.g., high school graduation).
- Hiring people from the community.
  - *Example process measure:* Number of jobs and internships filled by people who live in particular neighborhoods.
  - *Example outcome measure:* Total income created in the community.

- Total return on investment, which calculates the overall impact on health, wealth, and well-being of interventions for both people and communities, offers another strategy for businesses to assess their progress over the course of their investment. Methods for valuing the well-being created by different initiatives and for modeling return over time are available. Using these methods to estimate total return on investment can help companies to select affordable strategies. Consideration should be given to investments that can leverage the contributions of others—to help drive collaboration and increase impact.

5. **Prepare a measurement and learning system:**

- Identify a measurement and improvement team, and together with community partners, develop a strategy map, including a theory of change and a theory of implementation based on data about the well-being of people and communities. Baseline data on measures can be found in a wide array of places. Look to prior employee surveys and culture surveys for employees' baselines. Most core measures and leading indicators in WIN are available online (http://www.winmeasures.org). The

WIN Measurement Framework presents a wide range of measures related to the well-being of people and places for each of the vital conditions.

- Set aims for major outcome and process measures and gather baseline data.
- Decide what measures will be collected or obtained, and for each one, with what frequency, who will do the collection/gathering, and how often the data will be analyzed together with stakeholders.
- Develop and implement a set of initiatives (small or large) to improve these goals.
- Bring together stakeholders within the business and community to engage in collaborative sensemaking at least twice a year—that is, to look at the data, understand the stories behind the data, reflect, and generate insight. Be sure to include employees and community residents most affected by inequities.
- Plan a path forward and reassess regularly. Leading organizations will set improvement goals within each quarter toward the longer term aim and reassess at least quarterly.

Box 6.4 describes the five steps applied to one company's journey to live out its mission and benefit a community in need.

BOX 6.4: FIVE STEPS APPLIED TO THE JOURNEY OF NEHEMIAH MANUFACTURING CO.

The Nehemiah Manufacturing Company in Cincinnati, Ohio, was founded in 2009 with the mission to "build brands, create jobs, and change lives" (https://www.nehemiahmfg.com/). The for-profit company owns several brands of its own and also manufactures products for other companies. Nehemiah planned at the outset that it would contribute to the community and thrive as a business. The company focuses on hiring "hard to hire" people. Nehemiah's journey is marked by each of the five steps to identify measures that matter.

Step 1. Develop a Process Together: Nehemiah partnered with the city of Cincinnati, community leaders, and social service organizations to select a neighborhood with people who most needed jobs and hope. They chose the West End and Over-the-Rhine areas of Cincinnati, which experienced high unemployment and few entry-level jobs.

Step 2. Choose a Balanced Set of Measures: The partners identified initial process and outcome measures that focused on manufacturing outputs, creating jobs, and hiring and retaining people from minority and low-income neighborhoods in West End and Over-the-Rhine.

Step 3. Choose Outcome Measures That Matter: As Nehemiah collaborated with local partners, it began to understand that chronic unemployment stemmed from structural and systemic inequities in people's lives. One of the greatest barriers to employment was a history of incarceration. Nehemiah decided to focus on hiring people who had a prison record or a history of drug or alcohol misuse. Nehemiah refined its goals to recruiting, hiring, and retaining "second chance" workers and ensuring they comprised the majority of the company's workforce.

BOX 6.4: CONTINUED

Step 4. Identify Process and Intermediate Outcome Measures: Nehemiah's first challenge was to identify a hiring supply chain. Nehemiah partnered with several nonprofit organizations—CityLink, St. Vincent DePaul, Jobs Plus, Beacon of Hope, and City Gospel Mission—to identify and develop potential workers with a special focus on creating supportive pathways for people to succeed. Nehemiah and its partners integrated social workers into the hiring process; created a weeklong training to help new hires get ready for work; and established biweekly check-ins with newly hired workers to build relationships and trust and to make sure the workers had the support they needed to be successful. Breaking down the steps and identifying specific process and intermediate measures showed the partnership exactly *how* they would accomplish the hiring goal. Nehemiah's process measures include the number of nonprofits supported and the number of people placed in supportive housing or treatment for substance misuse.

Step 5. Prepare a Measurement and Learning System: Nehemiah and its partners learned much about change in the community:

- Drug addiction is difficult to beat. With guidance from workers, the partners created a policy and allocated funds to support treatment and provide other types of support for workers who disclosed a relapse into drug or alcohol misuse.
- Bad credit and poor financial decisions cause substantial stress. The partners established programs to help workers resolve financial issues.
- Housing is not affordable. The partners worked with developers to build affordable housing for workers near their places of work.
- Unresolved legal issues prevent people from attending work fully. The partners collaborated with legal service firms to offer legal support to workers who needed it.

As a result of these learnings and actions, Nehemiah has given people jobs and the support they need to succeed, and has created a stable workforce with an enviable 90% retention rate. All but 10 of 179 jobs have been filled by second chance workers. By providing these jobs and the associated support, Nehemiah helps to restore dignity, hope, and well-being to people in the community who need a second chance. Nehemiah describes its workforce as one of the hardest working and most loyal in the country.

Nehemiah has combined the well-being of its business with the well-being of the community and has partnered with investors who understand that Nehemiah's mission is more than making money with a great bottom line. In addition, Nehemiah pursues its mission to impart an even stronger topline of impact on society. This combination of governance, community partnership, and continuous learning leads to a healthy business that is on the leading edge of creating well-being in the world.

Conclusions

Businesses are essential to the lifeblood of communities. This chapter offers actions, measures, and frameworks for companies seeking to do more to improve the well-being of the people they reach and the places they serve. Businesses that engage in this kind of stewardship, using data to identify the people and places to engage, the best interventions to deploy, and the sharpest measures to assess impact, have the opportunity to be leaders and influencers improving the health of employees, families, and communities and influencing broader societal conditions in a community, region, and whole country. Data-driven approaches offer businesses and employers a pathway to make broader improvements and measure their contributions to that improvement, while understanding their current engagement in the context of an even larger ecosystem of communities and society.

Appendix A: Tools and Resources

Appendix A identifies tools and resources addressing topics explored in Chapter 6. The tools and resources were created by such businesses and organizations as Health Enhancement Research Organization, Intel, Well Being In the Nation (WIN) Network, and others.

GREYSTON BAKERY
Baking With Purpose



Community Challenge | Communities are healthier when people have jobs and steady income. Healthy communities enjoy less violence and substance misuse, more family stability, and better education for their children. Tax bases increase, civic participation grows, and the very people given a chance to work at a quality job tend to give back to the community and to others. But all too often, preconceived notions and rote hiring rules leave too many people without an opportunity to gain employment.



Scenario | Zen Master Bernie Glassman noticed the number of unemployed people in the Bronx and Yonkers (New York). Job prospects were thin because of limited education, work experience, and individuals' past records of incarceration or substance misuse. In the early days of Greyston Bakery, Glassman literally pulled people off the street to help him bake cakes. When he later met and partnered with Ben Cohen and Jerry Greenfield of Ben & Jerry's Ice Cream, Greyston bakers began to provide baked goods for two of the top five flavors of Unilever's Ben & Jerry's Ice Cream.

Greyston has more than 400 people on its waiting list to become bakers. With Greyston's Open Hiring process, anyone who walks through the door can fill out a one-page questionnaire with their name, address, and phone number; affirm their willingness to work 12-hour shifts and lift 50-pound bags of flour and sugar; and confirm their eligibility to work in the United States. Applications sit on the waiting list for an average of 6 months. Once called, the new hire's first day includes an orientation and full pay and benefits. Next, he or she is offered an apprenticeship that lasts 6–9 months. Upon completion, bakers have access to union membership. "We don't care about folks' past, we want to invest in their future," said Joseph Kenner, president and CEO of Greyston.

The Open Hiring framework has been refined over time. For example, if an employee does not show up on time or stops showing up altogether, there is likely a reason—perhaps childcare issues, domestic violence, or housing eviction. Working with Westchester Jewish Community Services, Greyston created an Employment PathMaker position to provide support services to bakers. Thanks to this support, the turnover rate at Greyston was two points better than the industry average in 2019.

The Open Hiring concept pioneered by Greyston has benefited members of the southwest Yonkers community, and Greyston now wants to take this hiring approach to other businesses, with the goal of helping them make their hiring practices more inclusive.



Action Taken | Greyston launched the Center for Open Hiring in June 2018 to train and provide tools to businesses. Business leaders cite liability insurance and fears of violence among the most frequent barriers to adopting an open hiring concept. "Our premiums and liability rates are no different from any other manufacturer," Kenner said. "It's not total chaos at the bakery!" Another hurdle for businesses is the belief that the hiring practice hurts turnover rates. "Yet these very same managers will go through extensive interviews and costly background checks and some people don't work out either," said Kenner. "Wouldn't it be better to invest in helping people succeed instead of keeping people out?" As a measure of early success, a 3,000-store beauty retailer adopted Open Hiring at its North American distribution center, generating a 60% reduction in employee turnover.



Key Takeaway | If given an opportunity and the training, large segments of the unemployed population will succeed in the workplace. But many of them are excluded because of their backgrounds or other factors that say nothing about their abilities to be successful on the job. "If you make these types of investments, you are going to learn new things about your employees," Kenner said. "Folks want to feel like someone is invested in them, and that's a huge piece of what open hiring is—everybody has a place." Companies can start by Open Hiring one person for an entry-level position.

CHAPTER 7.

A Way Forward for Community Health and Economic Prosperity

OVERVIEW

The health status of American workers and participation in the labor force have been declining for decades. Businesses can play an important role to reverse this trend by simultaneously expanding community health and economic prosperity. This chapter outlines a path toward a well-being economy that can reverse poor health outcomes and sustain hard-won gains. The path is built on business engagement with stakeholders to produce shared value, working together as stewards of health, wealth, and well-being in a common world.

KEY TAKEAWAYS

- Businesses and employers are stakeholders in their communities, and communities are stakeholders in businesses.
- To enhance community health and economic prosperity over the long term, businesses may choose to
  - Produce goods and services and operate in ways that expand the vital conditions that all people and communities require;
  - Create shared value for companies and communities by combining social purpose with business opportunities; and
  - Engage all stakeholders to achieve the best long-term value for those upon whom business success depends (i.e., stakeholders).
- Businesses of all types and sizes can execute one or more of seven concrete business strategies in the short term to engage with and invest in communities. Businesses may select the engagement and investment options that best suit the needs of their stakeholders and their business.
- Given the powerful role of business in the United States, even sweeping efforts to strengthen and sustain community health and economic prosperity will not be sufficient without associated actions by business.

Introduction

To begin to address the U.S. health disadvantage (Chapter 1) and to strengthen communities to support vibrant employees, families, and residents (Chapter 2), businesses and employers must act to ensure a sustainable and equitable capitalist democratic future for themselves and for society.

Businesses and employers are stakeholders in their communities and also serve communities as one of the many stakeholders whose interests they seek to enhance as they strive to prosper (Chapter 3). In collaboration with community changemakers (Chapters 4–5), businesses have opportunities and responsibilities to create shared value (i.e., value for the business and the community), join with others to effectively steward systems (e.g., healthcare systems, service delivery systems, governmental policy making systems, tax and regulatory systems, banking and financial systems, ecological systems) in the interest of thriving communities and people and to

produce prosperous business environments. Businesses have opportunities and responsibilities to do well by doing good, and to nurture systems to better align private value and public good to the benefit of all.

Americans know a great deal about what it takes to expand health, wealth, and well-being on a massive scale. Across the country and around the world, modern innovations have done more to add years of healthy life and lift millions of families out of poverty over the past two centuries than in the previous 19 centuries combined. But even after such impressive progress, all is not well. Past advances are insufficient, and many problems are getting worse. Hard-won gains remain fragile or are reversing; whole groups of people have been harmed or left behind while others have benefitted (see Box 7.1); and responses are slow to an increasingly complex set of intertwined threats that endanger both people and planet—and therefore, profit. As noted in Chapter 1, life expectancy in the United States is barely recovering from a downturn not seen since World War I, and for the first time in U.S. history, members of today's youngest generation may not live longer, more prosperous lives than their parents.

BOX 7.1: LEGACIES OF UNTAPPED POTENTIAL

Most modern achievements have not benefitted everyone in the United States. Many advantages have been systematically denied to certain groups. For example, while racial segregation has been illegal for 65 years, America's public education system continues to produce substantial disparities in educational achievement, largely driven by residential segregation and racial/ethnic differences in family socioeconomic resources. Such differences leave harmful effects on health and prosperity over generations.

Virtually every achievement in the modern era has been diminished by stark differences between those who benefit and those who do not. For example, although women make up an increasing share of the labor force and a majority of college graduates, they are underpaid, underrepresented in senior-level positions, and less likely to be members of boards of directors relative to men overall and men with similar education, experience, and work performance. African Americans, Hispanics, American Indians, and Alaska Natives of both sexes are underrepresented and undervalued in the workforce to an even greater degree relative to White men. Times have changed for many people, but a vast amount of human potential remains untapped that could contribute to full and fair inclusion for everyone in America.

Businesses as Creators of Sustained Value

All people depend on vital conditions to reach their potential for health, wealth, and well-being (see Chapter 1, Box 1.1 and Table 7.1). However, these vital conditions are not shared equitably and are currently under threat in many communities across the country, as well as for future generations. Businesses, in partnership with others, can play a profound role in securing these vital conditions, which in turn would reverse the U.S. health disadvantage and help to ensure the fair opportunities that businesses and society need to survive and thrive. Businesses can (a) produce goods and services and operate in ways that expand the vital conditions that all people and communities require; (b) create shared value for companies and communities by combining social purpose with business opportunities; and (c) engage all stakeholders to achieve the greatest long-term value for all those upon whom business success depends. Each of these, alone and together, would enhance community health and economic prosperity. Businesses can integrate these activities into their business operations. Doing so, this report argues, will help businesses compete more effectively and generate value for businesses and society.

Table 7.1 Outstanding threats to health, wealth, and well-being that require combined efforts to resolve (2020–future)

Vital conditions	Outstanding threats[a]
Basic needs for health and safety	▪ Aging population, caregiver strain ▪ Addiction (tobacco, alcohol, opiates) ▪ Adverse childhood experiences ▪ Antibiotic resistance ▪ Hunger, food insecurity, junk food ▪ Physical inactivity ▪ Gun violence ▪ Severe physical illness (heart disease, stroke, cancer, chronic obstructive pulmonary disease, diabetes, obesity, asthma) ▪ Severe mental illness (anxiety, depression, dementia, trauma, toxic stress) ▪ Emerging infectious diseases, pandemics, genetically engineered pathogens ▪ Lack of health insurance, inadequate care
Life-long learning	▪ Illiteracy ▪ Failing schools, high school dropout ▪ Unaffordable college tuition ▪ Mismatched skills vs. new kinds of work ▪ Inadequate early childhood development ▪ School-to-prison pipeline ▪ Disinformation, pseudoscience

Table 7.1 Continued

Vital conditions	Outstanding threats[a]
Meaningful work and wealth	▪ Economic inequity, concentrated wealth ▪ Low wages, unfair pay, multiple jobs ▪ Unemployment, underemployment ▪ Poverty ▪ Household debt ▪ Insecure retirement ▪ Workforce automation
Humane housing	▪ Homelessness, unaffordable housing ▪ Residential segregation ▪ Displacement, gentrification
Thriving natural world	▪ Climate catastrophes (flood, fire, wind, drought, heat, cold, species extinction) ▪ Pollution (air, water, soil) ▪ Unsustainable energy, natural resource depletion ▪ Disconnection from nature
Reliable transportation	▪ Aging infrastructure ▪ Automobile-centric design ▪ Traffic congestion, long commute time ▪ Hazards for health, safety, environment
Belonging and civic muscle	▪ Modern slavery, human trafficking ▪ Racism, sexism, classism ▪ Authoritarianism, fascism, anarchy, lawlessness ▪ Refugee crises, immigration ▪ Violence, especially against vulnerable persons (women, people of color, poor, youth, elderly, immigrants, LGBTQ+, etc.) ▪ Loneliness, isolation, distrust, disconnection ▪ Suicide ▪ Bullying, hate crimes ▪ Mass incarceration ▪ Invasion of privacy ▪ Low voter turnout ▪ Government and corporate fraud, ethics violations ▪ War, terrorism

Note: **LGBTQ+** = lesbian, gay, bisexual, transgender, and all-encompassing representation of sexual orientations and gender identities.

[a] Many threats are intertwined, and different people experience different threats in different regions. While they undermine health, wealth, and well-being for everyone over time, the threats almost always inflict greater harm on the most vulnerable groups (e.g., people of color, people in poverty, women, immigrants, and other disadvantaged groups).

Recognizing that "a thriving company requires thriving communities" and that businesses play an important role in addressing shared societal challenges, businesses acting as stewards, creating shared value, and engaging stakeholders can be rewarded with a range of benefits or types of value, including

- Healthier workers and lower healthcare costs,
  - For example, annual healthcare costs to employers for employees with diabetes are more than $4,000 higher than for employees without diabetes;
- More productive on-the-job employees,
  - For example, workers who live in healthier communities are more likely to arrive at work on time and have fewer unplanned absences than workers who live in less healthy communities;
- Greater ability to recruit and retain talent,
  - For example, four business exemplars described in this report (Belden, Inc., Greyston Bakery, Bank of America, and Hyatt Hotels) point to specific community-strengthening strategies that substantially reduce recruitment costs and increase retention rates;
- Greater brand recognition and more loyal customers,
  - For example, in a Nielsen survey, 66% of respondents said they are willing to pay more for products and services from companies committed to positive social and environmental action; According to a Cone/Porter Novelli study, 88% of consumers would buy from and 66% would switch purchases to a purpose-driven company;
- Greater profitability,
  - For example, according to one analysis, publicly traded companies with a stated purpose, generous compensation, and quality customer service that invest in their communities and minimize their adverse impact on the environment outperform less values-focused companies by a factor of 10.

Beyond the value that accrues to a company, the societal value, as business investment and engagement become more widely practiced, has the potential to advance the United States closer toward its founding ideals as a land of equality and opportunity. Unlike conventional leaders, those who choose to nurture healthy and inclusive systems—as "system stewards"—tend to think about purpose, power, and resources in distinctive ways:

- **Purpose** is larger than oneself or one's own organization;
- **Power** is built and distributed with others, not consolidated; and
- **Resources** are invested, not withheld, to create long-term value and to alleviate urgent needs.

Any person or organization can be a steward if they are willing to work with others to create conditions that expand health, wealth, and well-being. In a country as vast and diverse as the United States, stewards work through a mosaic of cultures, corporate climates, and local circumstances that stretch across boundaries and spheres of influence. Leaders and changemakers in business and society work across differences and collaborate with others, including other stewards, to build thriving communities and vibrant economies.

The belief that corporations have no inherent social responsibilities, popularized 50 years ago by Milton Friedman, has since broken down (as noted in Chapter 3), as approaches like social investing and corporate social responsibility emerged in the 1970s and 1980s and as companies became more attentive to metrics and rating systems focused on the environmental, social, and governance aspects of corporate performance. Environmental, social, and governance metrics are becoming more widely reported and examined by investors, consumers, and employees. As illustrated by several exemplars in this report, some businesses recognize—in their role as members of society and as stakeholders in communities—that their own success depends on strengthening the vital conditions on which businesses, employees, customers, and consumers all depend.

In fact, a broad coalition of the world's largest companies, asset holders, and asset managers (together controlling more than $30 trillion) has publicly declared that all companies must show how they contribute to larger social goals, or risk losing financial support. As the flaws in Friedman's logic become increasingly obvious, business leaders are repositioning their firms to compete on the basis of how well they generate sustained value for all stakeholders, not just a small group of shareholders. These business leaders could join together to become some of the strongest system stewards, advancing societal good, creating shared value, and meeting the needs of stakeholders.

Some companies are embracing the concept of creating shared value—that is, value gained by the company while serving a community need or solving a community problem (as described in Chapter 6). Specifically, creative and innovative business leaders are seeing business opportunities in achieving social goals and are solving social problems as a means of making money. Whether investing in local entrepreneurs to strengthen and increase efficiencies in local supply chains (thus creating local jobs and strengthening the local economy); establishing pathways to employment for the homeless, the formerly incarcerated, or those without a high school diploma (thus filling critical entry-level positions with career ladders less expensively and with less turnover); or developing a product that meets a community need and earns a profit, some companies are discovering shared value is a win for both business and community.

Although stakeholder theory (described in Chapter 3) is not new, it has sometimes been managed as not much more than a risk mitigation exercise. More recently, companies are recognizing that successful businesses tend to be those that (a) engage with all stakeholders required for the business to exist—employees, customers, vendors and suppliers, the communities in which they reside or conduct business, investors and shareholders, and others—and (b) ensure value for each stakeholder (e.g., Box 7.2). These are companies that integrate stakeholder engagement into business operations and company strategies, ensuring that relevant stakeholders provide input and feedback across all aspects of the delivery of goods and services. Although the goal may be to build a stronger, more successful, and more resilient business, the outcome may be progress toward a more equitable society.

As with system stewardship and shared value, stakeholder engagement contributes to a more collaborative, networked, and strategic business enterprise and more inclusive, resilient, and sustainable communities, where the interdependence between business and society is embraced and strengthened to mutual advantage.

BOX 7.2: PROFILE OF JUST CAPITAL

To build a more just marketplace that better reflects the priorities of the American people, JUST Capital

- **Asks** people how they want companies to behave,
- **Rates and ranks** firms to show how well they meet expectations, and
- **Offers investments** in the most just companies.

Just companies not only make more money (about 6% higher return on equity), they also pay workers better, have safer workplaces, create more U.S. jobs, give more to charity, produce less waste, and yield other benefits.

Advancing Business Goals by Meeting Stakeholder Needs and Creating Shared Value

Business have taken a variety of actions to improve community health and increase economic prosperity for their own benefit and the benefit of their stakeholders and society at large. This section provides nearly a dozen examples of businesses and the actions they have taken to meet stakeholder needs and create shared value while solving a business problem or securing a return of value to the business.

A common strategy is to consider the needs of the community when solving business problems and choosing and implementing solutions that also strengthen the community. Belden Inc., Greyston Bakery, and Bank of America have taken this approach as they sought to fill job vacancies

with dependable employees and discovered a talented source of workers who thrived with an investment of support (see detailed Exemplars about each company elsewhere in this report).

Investing business profits in ways that strengthen communities is a similar strategy. Many communities need affordable housing for employees and families, retirees, and the unemployed; affordable care and learning facilities for young children; and grocery stores.

- **UnitedHealthcare** provided a $22-million, low-interest loan to the nonprofit Chicanos Por La Causa to acquire nearly 500 units of rental housing in the Maryvale neighborhood of Phoenix, Arizona. Up to 100 units are set aside for UHC clients at reduced rents and will include vital supportive services. In addition to loan repayment with interest, UHC already sees improvements in client health. Joe Guadio, chief executive office of UnitedHealthcare, said, "We've seen emergency department visits reduce considerably. We've seen inpatient rates reduce considerably, which is what we'd expect to see. In the aggregate, we're looking at healthcare costs being reduced by over 50 percent when you compare their cost pre-housing versus post-housing."

A job can be one of the most fulfilling aspects of life, bringing meaning and purpose to employees and their families. But jobs can also be dangerous; demoralize workers; keep workers and families in poverty; and offer few, if any, opportunities. Improving wages, salaries, and benefits can turn even an arduous and repetitive job into an opportunity and a livelihood. Businesses are using this strategy to align business success with the needs of a healthy and prosperous society.

- **The Wonderful Company**, an agricultural company based in California, sought an effective intervention to improve the lives and health of its employees and their families. Their solution: a $15 minimum wage. The company implemented this wage increase for all employees earning less than $15 per hour and created tiered increases for those making more than $15 per hour. By instituting a wage structure that helps workers and their families to meet basic needs for housing, healthy food, transportation, quality childcare, and recreation, The Wonderful Company anticipates healthier workers, lower turnover, and stronger communities.

> *"This substantial investment [in wage structure] in our workers will have an immediate and meaningful impact on their lives. In addition to providing our Central Valley employees and their families free healthcare and education, we are now able to help them achieve a significantly improved standard of living."*
>
> —Lynda Resnick, Vice Chairperson and Co-Owner of The Wonderful Company

- **American Express,** with a workforce about two-thirds younger than 35 years of age and about two-thirds female, knew it would have to strengthen its benefits package to attract and retain the best workers. The company implemented a policy that includes 6–8 weeks of maternity leave and 20 weeks of parental leave, adding up to about 6 months of paid leave for a new mother. American Express expects this benefit to improve its abilities to recruit and retain talented employees. Through this policy, American Express is also investing in the next generation of employees.
- **Patagonia®,** a maker of outdoor gear, provides on-site child development centers (and subsidizes tuition for parents who are employees) at its headquarters in Ventura, California, and distribution center in Reno, Nevada. For children, quality early childcare can have positive social and health impacts that last into adulthood; parents can work and earn wages knowing their children are in good care. Patagonia calculates that, although expensive, this investment is almost fully recouped through federal tax benefits and higher employee retention and engagement. Caring for its employees in this way promotes better health in the long run—a win for the company, employees, and families.

Businesses can strengthen communities in need by supporting vendors and suppliers from local and distressed communities. Focusing on the needs of local communities and investing in small businesses and entrepreneurs who may have difficulty accessing capital, can help businesses solve supply-chain problems while helping to create jobs, build wealth, and support businesses locally.

- **Prudential Financial** takes its community stakeholder role seriously in its hometown of Newark, New Jersey. The company more than doubled its purchasing from local businesses; built a new headquarters in Newark; kept 5,400 jobs in the city; and invested in pathways to employment for young people in the community. Prudential Financial is committed to "spreading economic and social opportunity across the city, creating meaningful and lasting change."

Businesses may choose from a variety of enterprise design options, from for-profit and nonprofit corporations and limited liability companies to cooperatives and employee ownership structures. Some structures can be more beneficial to stakeholders and communities than others.

- **King Arthur Flour,** founded in 1790, before Employee Stock Ownership Plans (or ESOPs) and B Corporations existed, has always been committed to stewardship, community, and its employees. As the fifth-generation owners considered how to sustain the company's quality, mission, and values over time, selling the company to employees was an obvious solution. Employee ownership confers value to society, ensuring the company remains invested in its community and broadening and deepening local prosperity by sharing wealth with those who help create it.

Many businesses engage in philanthropy as a way to strengthen communities and strengthen business–community relationships. But not all businesses expect their philanthropic investments to deliver outcomes in the same way as they expect their business investments to do so. Businesses can help to ensure that their charitable contributions benefit the community by focusing their investment portfolios and holding themselves accountable for outcomes.

- **JPMorgan Chase** aligns its philanthropic and business goals to deliver both community value and business opportunity. Its $500 million investment in Detroit and other distressed cities is half philanthropy and half low-cost lending, with a goal of enhancing inclusive growth (i.e., equitable growth across all races/ethnicities and income levels) for the business and the community. The philanthropy focuses on building jobs, skills, and financial health for workers; expanding small businesses; and revitalizing neighborhoods, and the bank develops and serves new markets in need of banking services, including the new Entrepreneurs of Color Fund, which provides low-cost loans to minority-owned business and start-ups.

Businesses are stakeholders in their communities and states and in the nation. As stakeholders, they are powerful advocates for advancing business interests. By turning their attention to advancing the laws, policies, and practices that strengthen vital conditions and expand health, wealth, and well-being for all, businesses can reinforce their roles as stewards and stakeholders and contribute to the improvement of community health and economic prosperity.

- **Greater Kansas City Chamber of Commerce** coordinated activities across numerous local businesses in the Kansas City metro area in support of "Tobacco 21," an initiative to raise the minimum age for purchase of tobacco products from 18 years of age to 21 years of age. Because of the coordinated approach, the policy was enacted in 22 jurisdictions in the metro area at the same time, which facilitated effective enforcement and promises to contribute to reductions in tobacco use across the metro area over time. Business engagement was based on the recognition that tobacco use among employees and families is a leading driver of healthcare costs and contributes to lower productivity on the job.

In these and other ways, businesses have acted to meaningfully increase economic opportunity and equitably improve the health, wealth, and well-being of communities, employees, and families.

Unlocking America's Full Potential

Individuals and families must always make personal choices about health, wealth, and well-being. These decisions are based on personal and familial motivations and on the options available in the surrounding community. Those options, in turn, are shaped by the combined activities and influences of government, business enterprise, and the community. That is why efforts to expand health, wealth, and well-being require collaboration and every stakeholder doing their part.

Given the central role and resources of business in the United States, even sweeping efforts to reframe narratives, redefine rules, redirect resources, and implement new public policies and practices may not be enough to create social change without associated changes in business. The kind of large-scale socioeconomic change needed to address the U.S. health disadvantage requires the support and collaboration of business. The business sector offers a powerful route to social change.

Toward a Well-Being Economy

Despite an expansion of the modern American economy, happiness has remained flat or eroded. The problem is that markets often reward products that undermine health and well-being and do not place enough value on the vital conditions that actually enhance feelings of freedom, security, justice, connection, and self-determination. To get those benefits, values for health, wealth, and well-being must be brought into the market.

> *". . . [A well] run, values-centered businesses can contribute to humankind in more tangible ways than any other organization in society."*
>
> —John Mackey

Other nations have reached a similar conclusion and are transitioning toward a "well-being economy." For example, in 2018, New Zealand introduced the world's first national well-being budget backed by a detailed living standards dashboard. Focused on advancing the health and life satisfaction of its citizens, in addition to economic growth, the Government of New Zealand expects to use these tools to more effectively address the needs of the country's citizens.

Some businesses, corporations, and capital markets are beginning to work more purposefully for the well-being of people and planet (as a way to enhance their own profit). In conventional competitive capitalism, corporate executives are caught in constant tension. They must make as much money as possible—as quickly as possible—for shareholders (who are often mistakenly

portrayed as the only true obligation for companies), while also satisfying the interests of other stakeholders (including customers, employees, supply chain partners, communities, and even the natural environment) whose cooperation they require to be successful.

> *Regarding the new corporate imperative, "[p]rofits are in no way inconsistent with purpose—in fact, profits and purpose are inextricably linked."*
>
> —Larry Fink, CEO, Blackrock

That balancing act can feel impossible, but it becomes irrelevant when a business's or corporation's purpose is to generate sustained value for all stakeholders over time. Under that theory (Chapter 3), the most competitive companies are those that deliver the best long-term value for their stakeholders. Shareholders profit when a company consistently meets the goals and needs of all those with whom it does business and on whom the business depends. In other words, "investing is for people in place, with profit the result, not the primary aim." Balancing people, place, and profit is a tilt toward a well-being economy.

A list of people's goals and needs might begin with the vital conditions. All people and organizations have vested interests in expanding the vital conditions because lives, livelihoods, and a sustainable and equitable prosperity depend on them. The achievements in Figure 7.1 affirm the possibility of making gains in every area; and the threats in Table 7.1 make clear that such gains are fragile and not universally distributed.

Each vital condition requires care to be sustained for current and future generations. If success in business depends on fulfilling an important social purpose and requires inputs of labor, talent, and supplies and of customers to purchase goods and services, then companies everywhere would be wise to channel their ingenuity and investments toward expanding one or more of the vital conditions, without excluding anyone. Any shortfall represents untapped human and economic value (Table 7.2). The best companies would devote themselves to this work as if their survival as a business—and ours as a people—depend on it.

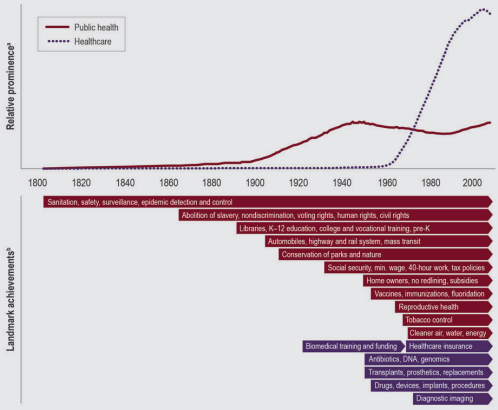
The Future in Three Possibilities

America's future holds both promise and uncertainty. Figure 7.2 shows the relative trajectory of three possibilities (or pathways) that could play out over time. Each possibility has different near- and long-term consequences. Table 7.3 summarizes the main features of each.

Table 7.2 Businesses can benefit from strengthening vital conditions for all

Business priorities	Benefits from expanding vital conditions
Just behavior and sustained long-term value	■ Greater ability to generate long-term value; less short-termism ■ Greater ability to meet public expectations and accountabilities (i.e., practices related to workers, customers, products, environment, jobs, communities, company leadership, and shareholders)
Profitability	■ Higher demand for healthier products and services ■ Greater productivity from a healthier workforce and customers ■ Lower absenteeism, presenteeism ■ Less stress and addiction ■ Greater funding for research, innovation, research and development ■ Lower direct and indirect expenses (due to less demand for acute care for illness and injury, addiction treatment, criminal justice, environmental cleanup, homeless support, unemployment, and food assistance)
Safety	■ Safer products and services ■ Fewer workplace injuries, disabilities, and worker compensation claims ■ Fewer lawsuits and liability expenses
Human capital	■ More talented, literate, and resilient workers (current and future) ■ Competitive advantages from workplace equity, diversity, and inclusion ■ Greater employee ownership and equity stake in business success ■ Higher morale, job satisfaction, retention, and promotion ■ Better match between jobs and skills (especially science, technology, engineering, arts, and mathematics), and greater flexibility to changing circumstances ■ More stable succession planning, leadership transitions ■ Lower costs for recruitment, retraining ■ Greater retirement security
Sustainability	■ Less waste ■ Less costly, more reliable sources of renewable energy and other resources ■ More efficient movement of goods and services ■ Safer, more dependable transportation infrastructure ■ Closer proximity between jobs, housing, food, transportation, and recreation ■ Fewer violations of environmental protections
Reputation	■ Stronger sense of community and connection as good corporate citizens ■ Stronger network of supply chain partners ■ Greater transparency, trust, and confidence in corporate governance ■ Fewer scandals, less risk to intangible assets ■ Greater potential to negotiate and resolve policy disputes ■ Greater potential for public–private partnerships

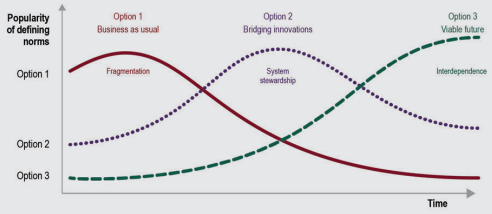
Figure 7.1 Shifting prominence and landmark achievements in public health and healthcare, 1800–2008



[a] Relative prominence reflects the frequency that each term appears in writing over time.
[b] Many of the landmark achievements are not unqualified goods but entail risks or tradeoffs of their own.

The first possibility continues the status quo by focusing on discrete problems and short-term gains and managing immediate obligations. The third possibility requires embracing new ways of doing business in pursuit of a visionary future that will take decades to emerge. The middle (or second) option moves away from the fragmented, transactional, and divisive conditions of today and moves closer to the equitable, productive, and just possibility in the future. This second possibility is both attainable and transformative. It focuses on improving the health of communities and increasing economic prosperity—equitably, commensurately, and inclusively.

Figure 7.2 Three options for expanding health, wealth, and well-being



As the coronavirus pandemic of 2020 has demonstrated, threats to health are threats to the economy. The two are highly interdependent, and both must thrive together if either is to be strong. The current state is ineffective, inequitable, and inefficient for all parties. To move beyond the status quo requires stepping up to the second option as engaged stewards to expand health, wealth, and well-being together. In this possibility, a widening network of entrepreneurs, elected officials, community leaders, developers and changemakers, business leaders, and everyday people devise new ways to expand the vital conditions, especially among people and places that have been left out and are suffering, thus reversing the U.S. health disadvantage. As these endeavors become more common, the complexion of the U.S. economy and democracy changes such that everyone belongs and can contribute, and the interdependence of business and society is embraced.

More work, stronger partnerships, and greater collaboration across the public, private, and nonprofit sectors would be needed, over generations, to achieve the third possibility, where self-destructive struggles over who gets how much of a fixed pie finally give way to productive working relationships that simultaneously grow the pie and give everyone a fair chance to participate in a thriving commonwealth.

Table 7.3 Features of the three options for expanding health, wealth, and well-being

Features	Option 1: Fragmentation	Option 2: System stewardship	Option 3: Interdependence
Focus	Separate problems (diseases, body parts, issues, industries)	Connect clusters (community health and prosperity)	Underlying ambitions (equitable health, wealth, and well-being)
Objective	Short-term gain	Long-term value	Directed futures
Forum	Marketplace	Networks	Commonwealth
Investments	Uncoordinated, underfunded programs	Sound strategy and integrative activities	Next system design*
Exchanges	Transactional	Transformative	Adaptive
Politics	Divisive	Inclusive	Productive
Equity	Haves and have-nots	Belonging and civic muscle	Fair and just inclusion

* For more information about next system design, see The Next System Project.

The examples of companies and communities presented in this chapter and throughout this report describe discrete actions to move beyond the status quo of Option 1 and through the intermediate improvements of Option 2, en route to a future state of interdependence and mutuality (Option 3) where everyone has a fair chance to participate and thrive. Chapter 4 presented rich examples of businesses and organizations—public, private, and nonprofit—working with community development and community finance to invest in and develop people and communities, especially those that are not thriving, using concrete policies, tools, and know-how to help solve some of the barriers and challenges that hold back people and communities. Although the work is inspiring and the tools are effective, the scale is too modest to transform our world and launch us into a fully inclusive and prosperous future (as noted in Chapter 4). Add in the enhanced power of business to nurture and strengthen people and communities they themselves depend on to thrive over the longer term, and the pathway to a healthier, wealthier, and more prosperous future—together—comes into view. Adopting new models of business enterprise, designed for the 21st century, including stakeholder engagement, shared value initiatives, and system stewardship, can help tackle the problems that current enterprise models have fostered, such as income and wealth inequality, environmental harm, and the U.S. health disadvantage. Current models reinforce the status quo and stand in the way of community health and economic prosperity.

> *"We earn our profits from society and they should go back into society."*
>
> —Shubhro Sen

Conclusions

Three pathways present alternative futures that carry high stakes—for us, our children, our businesses, and our world. The choices are stark, but no one needs to act alone or start from scratch. No matter the situation, there are opportunities to rethink past practices and connect with others who are ready to do business differently—together. Innovators and changemakers today can write the next chapter in American history by dispelling illusions of separateness and replacing them with experiences of interdependence. That shift alone could help to unlock health, wealth, and well-being on a greater scale.

To harness those opportunities, governments cannot dictate the way; doctors cannot prescribe a quick fix; and businesses cannot stand on the sidelines or engage only in philanthropy. All efforts—as individuals, institutions, and industries—must combine in new ways if society wants to survive and thrive in a rapidly changing world. Fortunately, even amid despair and division, leaders across the country are stepping up as engaged stewards and forming new partnerships with stakeholders and changemakers, precisely because they want to accomplish results that cannot be accomplished alone and that produce benefits across people and communities. This trend is relatively young, and many partnerships are not yet as mature as they need to be. With a growing awareness of interdependence, greater engagement of all stakeholders, and stronger alignment of business earnings and societal gains, such partnerships and investments can ripen into healthy communities and a more sustainably prosperous economy, upon which all people depend.

When faced with uncertain futures, business leaders and community changemakers of today may be best poised to rely on a proud tradition of American pragmatism—knowing that the best way to predict the future is to create it, together.

APPENDIX A: TOOLS AND RESOURCES

Appendix A identifies tools and resources addressing topics explored in Chapter 7. The tools and resources were created by such businesses and organizations as Business for Social Responsibility, Harvard Business School, Institute for Local Self-Reliance, Massachusetts Institute of Technology, and others.

BANK OF AMERICA
The Path to Participation



Community Challenge | Companies need employees who understand their customers, but competition for talent is steep. How can companies recruit and retain employees who can effectively serve their customers?



Scenario | Headquartered in Charlotte, North Carolina, Bank of America (BOA) is a financial institution that serves individual consumers, small- and middle-market businesses, and large corporations. Many BOA financial centers conduct business in low- and moderate-income communities.

As demographics change in communities across the country, BOA wants to ensure that its labor force remains responsive to the needs of low-income communities. BOA builds its business on client relationships, so it needs employees who understand the financial challenges customers face. "BOA is keenly focused on recruiting, developing, and retaining talent," said Jennifer Andrew, senior vice president of The Academy.[9] "Not just hiring but seeking talent for meaningful and sustainable long-term careers."

As the United States climbed out of the Great Recession, BOA's leadership grew concerned about future hiring and the prospect of losing employees in a tight labor market. There is a cost to hire and retain employees. BOA was an active recruiter at colleges and universities, but many employment opportunities were not being filled. How could BOA find good employees?



Action Taken | Looking for answers in early 2018, BOA managers started digging through data around open positions and applications. They discovered they were often not recruiting from the communities where jobs were available, and many positions at BOA did not require a college degree.

"We began reaching out to community partners to provide better perspective on the opportunities BOA offered and the skills we are seeking," Andrew said. "We wanted people to realize that Bank of America has job opportunities for people with all different educational backgrounds."

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[9] The Academy is BOA's coaching and development organization dedicated to the success of every employee.

Andrew and her team at BOA launched the Pathways Program in 2018. Through this program, BOA is committed to hiring 10,000 people from low- to moderate-income neighborhoods by 2023. "As part of Pathways, we increased our recruiting from nonprofit partners who provide professional skills training," Abigail Hollingsworth, senior vice president, BOA Foundation, said. "We found that nonprofits differ from one market to another, so we have to take a very localized approach to find organizations that are preparing talent for the jobs we have available."

By the end of 2019, BOA employed 80% of new employees hired through the Pathways Program, and some of them had even been promoted. BOA also learned a lot about low- to middle-income workers. These learnings made BOA a better employer of all employees and prepared managers to be sensitive to the many hurdles employees face every day (e.g., problems finding professional attire, care for children, and transportation to and from work). Managers were given the flexibility to remove obstacles to successful employment. In 2020, BOA increased its minimum wage to $20 per hour. As a result, entry-level employees have more financial security than employees in similar roles at other companies. "By hiring from the communities we serve and helping our teammates develop their careers at the bank, we are helping our clients—and employees—lead better financial lives," Andrew said.

Key Takeaway | By thinking differently about where to recruit talent, BOA discovered a group of potential employees capable of working in the financial industry. BOA now provides livable wages and financial literacy to employees who in turn can teach better money habits to their friends and neighbors in the communities in which they live and work.



CHAPTER 8. Report Recommendations

OVERVIEW

This chapter recommends actions that businesses can take to strengthen community health and economic prosperity, develop a competitive business advantage, and build resilience for both community and business.

Report Recommendations

The Surgeon General recommends the following actions to strengthen community health and economic prosperity, develop a competitive business advantage, and build resilience for both community and business. These approaches can help solve the U.S. health disadvantage and help companies account for the interdependence between business and society, and between community health and economic prosperity, when making business decisions. These strategies can help address the U.S. health disadvantage and help to ensure that the vital conditions are met for all Americans.

The Surgeon General notes that this is not an exhaustive list of all possible positive actions that businesses can take to strengthen community health and economic prosperity. Instead, this set of actions comprises a solid starting point based on real-world examples. Businesses will continue to innovate and collaborate together across sectors to discover, develop, and test ways to strengthen capitalism in the United States to the benefit of business and society, and community health and economic prosperity.

1. Learn More About Your Stakeholders

Stakeholders are all those who participate in a business and are essential to its success—including everyone from employees to suppliers to investors. Valuing the needs and interests of all stakeholders, and avoiding prioritizing one stakeholder at the expense of another, helps ensure success.

- **Fully understand the cost of poor health and other community challenges and the impact of these challenges on your company.** Addressing challenging conditions in communities can improve opportunities for businesses, employees, customers, suppliers and other stakeholders and help create a thriving environment. Understanding the broader community you live in and developing business models that work to enhance that world help make explicit the connections among good business practices, profitability, and responsibility to community and society.

  > ***Example***—Businesses can help meet stakeholders' needs through investments in quality affordable housing and education, by providing meaningful work and wealth, and by restoring or sustaining a thriving natural world. Box 4.5 in this report describes the negative impact of high housing costs on businesses' ability to recruit, hire and retain employees. This creates an opportunity for business investment in affordable housing.

- **Join the dialogue on community health, wealth, and well-being.** As this report goes to press, community dialogue abounds on bending the COVID-19 curve and addressing the

impact of racism on health, wealth, and well-being. Even before the events of 2020, communities, businesses, and leaders were engaged in conversations about how to create a more equitable, just, and prosperous society—including addressing health, wealth, and well-being gaps across communities. A critical component of effective dialogue is viewing problems, policy options, and solutions from the perspective of the well-being of others.

> ***Example***—Hillenbrand, Inc., established such a dialogue in their community of Batesville, Indiana. The Hillenbrand Community Leadership Series annually assembles 20 people from the company and community to engage in strategic discussions with business and civic leaders. The group is often used as a "think tank" for the community, studying and solving large issues facing the community, including diversity and inclusion, workforce skills, and the development of a vibrant downtown to build Batesville and Southeastern Indiana into attractive places to live and work.

- **Meaningfully engage all stakeholders on ways to optimize value.** Many companies recognize the value that each stakeholder brings to the business enterprise. Meaningfully engaging each stakeholder—employees, customers, suppliers, communities, investors, and shareholders—brings innovative ideas to the fore, increases productivity and commitment to the enterprise, improves business practices, and creates more sustainable operations.

  > ***Example***—Sodexo creates value for its stakeholders by integrating actions that support health and wellbeing into the core of its business operations. By creating value for all of its stakeholders, Sodexo can grow in a way that is better, safer, healthier, and more sustainable for people and the planet.

- **Identify the interdependencies between your company and your stakeholders and between your business and society, and work toward ways of operating that benefit these stakeholders and society.** Businesses depend on their stakeholders in order to exist and earn a profit. Businesses depend on society for essential infrastructure, such as a skilled workforce; a fair, transparent, and well-functioning legal system; education and training of the labor pool; community services like libraries and parks; and transportation and delivery infrastructure. Society and stakeholders likewise depend on businesses—for jobs, goods and services, and tax revenue and to bring innovations to the market. Paying attention to these interdependencies and delivering value to multiple stakeholders can help a business succeed.

  > ***Example***—BSR identified several trends and their implications for business's engagement with stakeholders, including the growing expectation that business (a) has a role in driving an inclusive economy and reducing inequality; (b) should prioritize investment in ecosystems and deep local engagement; and (c) should develop collaborative solutions to systemic challenges.

2. Foster a Culture of Stewardship

Stewardship refers to a company managing its impact on society. System stewardship is the role of enterprises and organizations in solving problems that government alone cannot solve. The U.S. health disadvantage is such a problem, with roots in community conditions, inequality, and opportunity gaps. Stewards of systems will address these causes at a systems level: policy, taxation, investment, education, environment, healthcare, and more.

- **Embrace the positive role of business to strengthen communities.** Businesses are perhaps the most powerful institutions on earth. Wielding that power for good has been a successful strategy for business.

  > ***Example***—Businesses have invested in programs to create local jobs (e.g., Starbucks) and in efforts to strengthen educational outcomes (e.g., Visa) and expand access to early childcare and education (e.g., Patagonia), all of which strengthen communities, especially when targeted to communities that are not thriving.

- **Support local, state, and federal policies that meaningfully increase economic opportunities and equitably improve the health of communities, employees, and families.** Government policies (including spending) have the potential to strengthen communities, reduce inequality, and expand opportunity. Businesses have a powerful voice that can shape policy, including spending and implementing policies that have equitable impacts, with the most beneficial impacts on those most in need.

  > ***Example***—Health policies like smokefree air and community water fluoridation; tax policies that strengthen opportunity for all and reduce income and wealth gaps; and regulatory policies that optimize outcomes for the greatest number of stakeholders are some of the many ways in which businesses can advocate for outcomes that meet the needs of all stakeholders.

- **Use hiring and procurement tools to strengthen communities and explore opportunities to unleash untapped potential at the local level.** Most businesses have relationships with other businesses, as suppliers and customers. Emphasizing local businesses in these relationships can help strengthen struggling communities and expand opportunities. By focusing on the needs of local communities and underserved populations and by investing in small businesses and entrepreneurs that may have difficulty accessing capital, businesses can solve hiring and supply-chain problems while strengthening communities. Disadvantaged communities and people with low incomes represent untapped potential to improve equitable access to the conditions that shape health, wealth, and well-being.

> ***Example***—This report highlights several businesses (e.g., Greyston Bakery, Belden Inc., Bank of America, and Hyatt Hotels) that specifically hire individuals who may be passed over by other employers due to such barriers as lack of education, previous incarceration, and substance misuse. As these companies have discovered, such employees often prove to be highly effective, productive, dedicated, and loyal; and having jobs and incomes increase their potential as consumers.

- **Invest business profits in strengthening communities.** Increasingly, both for-profit and nonprofit businesses are recognizing the potential to improve community conditions, especially affordable housing, while also receiving a financial return. Businesses can invest in other businesses, entrepreneurs, community development, and more while prioritizing investments that meet a community need and support commercial success.

> ***Example***—UnitedHealthcare, a large for-profit health insurance company, provided a low-interest loan to a nonprofit partner to acquire nearly 500 units of rental housing. Up to 100 units are set aside for UnitedHealthcare clients at reduced rents and will include vital supportive services. In addition to loan repayment with interest, UnitedHealthcare already sees improvements in client health and associated cost reductions.

3. Develop Strategic Cross-Sector Partnerships

Businesses that wish to engage with and invest in communities need not go it alone or figure out what to do from scratch. Indeed, most efforts to improve community health, wealth, and well-being involve partnerships that bring a range of expertise and additional resources. Effective partners for business include community development organizations, philanthropic foundations, government agencies (including public health), and other businesses (including social enterprises).

- **Collaborate with local, regional, and national partners from across sectors to implement effective solutions.** It is no coincidence that each of the exemplars presented in this report addressed a community problem while seeking a solution to a business problem—and did so in collaboration with local, regional, or national partners. That is because complex societal challenges—like opioid misuse, disengaged young people, and even lack of access to broadband Internet in rural areas—demand resources, know-how, and creativity that multiple organizations working together provide.

> ***Example***—See Exemplars after each chapter in this report.

- **Partner with community development corporations (CDCs) and community development financial institutions (CDFIs).** CDCs and CDFIs have long been in the business of community building and providing financial and other services and supports to those most in need—both communities and people. Collaborating with these

partners accelerates the work of increasing opportunity and brings specialized skills, financial expertise and resources, and deep community knowledge and trust.

> ***Example***—Morgan Stanley, an investment bank and financial services company, partnered with Local Initiatives Support Corporation (LISC), a national CDFI, and the Kresge Foundation to create the $200-million Healthy Futures Fund (HFF), which supports financing of community health centers and affordable housing in underserved areas. So Others Might Eat (SOME), a nonprofit community development corporation, used funds from HFF to develop the Conway Center in Washington, DC, which provides homeless families with affordable housing, a health center, and job training—all adjacent to a transit station.

4. Measure Performance Using Meaningful Indicators of Community Health and Well-Being

Many companies have key performance indicators to evaluate performance in major areas of business operations. Consider whether your company's performance metrics can be improved by including community health indicators.

- **Ensure that philanthropic giving strengthens community health and economic prosperity.** Businesses can help to ensure that their charitable contributions benefit the community by focusing their investment portfolios and holding themselves accountable for outcomes.

  > ***Example***—To spur job creation in struggling communities after the Great Recession, Starbucks collaborated with the Opportunity Finance Network on an initiative called, "Create Jobs for the USA." By carefully measuring and reporting loans made and jobs created or retained, Starbucks was able to assess the impact of its investment on communities.

- **Redefine productivity in the value chain to include the economic costs from societal problems.** Societal problems create economic costs in a company's value chain. Addressing problems in the value chain—for example, by using resources more efficiently or implementing stronger employee health and safety protections—can optimize productivity and benefit both business and society.

  > ***Example***—Hyatt Hotels and Bank of America each recognized the costly societal issue of young people being disconnected from education and employment. To successfully transition to employment, these individuals required additional training and support. By refocusing HR resources and supports and partnering with a nonprofit organization, both businesses were able to recruit and retain this untapped young talent. Monitoring inputs, outputs, and outcomes over time demonstrated the return on investment to the companies and the potential societal impact.

- **Align wages, salaries, and benefits with the needs of a healthy, equitable, and prosperous society.** A job can be one of the most fulfilling aspects of life, bringing meaning and purpose to employees and their families. But jobs can also be dangerous, demoralize workers, and keep workers and families in poverty. Improving wages, salaries, benefits, and working conditions can turn an arduous and repetitive job into an opportunity and a livelihood.

  > ***Example***—The Wonderful Company, an agricultural company, recognized the value to people, community, and company of providing a $15 minimum wage to its farm workers. The more robust wage structure helps workers and their families meet basic needs for housing, healthy food, transportation, and quality childcare.

- **Create shared value for companies and communities by combining social purpose with business opportunities.** Shared value happens when profitable business strategies produce real societal benefits. Business can uncover these opportunities by choosing to help solve a particular social problem and doing so in a way that creates or augments a business opportunity.

  > ***Example***—First Step Staffing is a social enterprise providing employment services for people transitioning from homelessness, including veterans and formerly incarcerated individuals. It serves business clients in need of reliable staff, is itself a successful business, and welcomes investments from other businesses as it grows. A more diffuse example is Intel's investment in education, especially building the computer and technology skills of students and teachers across the country and around the globe, which further develops the market for Intel products.

As a powerful force for good, businesses have multiple opportunities to increase the health, wealth, and well-being of people and places, especially those that are not thriving; to expand business opportunity; and to increase business and societal value. These recommendations offer opportunities for business, working together with others, to more purposefully embrace their role as stakeholders in a society that works for everyone. With growing awareness of interdependence, greater engagement of all stakeholders, and an alignment of business earnings and societal gains, such partnerships and investments can ripen into healthier people and communities, a more equitable and just society, and a sustainably prosperous economy upon which everyone depends.

GRADS OF LIFE
Helping Businesses Build a Talent Pipeline



Community Challenge | Before the coronavirus outbreak in spring 2020, an estimated 3 million young people (7.6%), 16- to 24-years of age, were not working and not in school. Known as "opportunity youth," these young people are driven, motivated, and ready to work. But they often juggle many responsibilities, lack access to professional networks and higher education, and may be overlooked by traditional hiring methods. Although opportunity youth are an untapped talent pool of young adults, business managers must manage differently to attract and support the success of opportunity youth. Grads of Life helps managers seize these opportunities.



Scenario | Elyse Rosenblum has been in the business world long enough to know that many people equate a college degree with having credible skills for employment. She also knows that young adults without college degrees have tough times landing good jobs. Rosenblum founded Grads of Life, a national organization based in Boston, Massachusetts, to close this opportunity divide. Grads of Life works with employers and businesses to hire young adults without postsecondary credentials. "We bucket our work into two big categories," Rosenblum said. "One is changing how employers think about opportunity youth and young adults without 4-year degrees as a valuable source of talent, and the other is changing their business practices to reflect that." Rosenblum and her team designed a process that helps employers diagnose barriers to hiring and develop and deliver scalable and sustainable solutions to recruit, hire, and retain opportunity youth.

Small and large businesses are interested in opportunity youth as potential employees, but the reality is that frontline managers often fall short when working with this group of youth. "You can have a great initiative and successfully roll it out," said Rosenblum. "But if the person interfacing with the talent is not prepared and supported in understanding how to retain and advance people who may not have been in that work environment, things tend to go awry." This is one of many hiring difficulties that Grads of Life addresses for employers.

Action Taken | Recognizing patterns where the employment journey falls apart for opportunity youth, Grads of Life developed tools and made them widely available to employers. Grads of Life codified principles and practices around what it means to be a good opportunity employer, and then launched Opportunity Navigator (OPT-N). Built around five principles, OPT-N provides individualized recruitment, hiring, and retention blueprints for employers.



The first two principles of OPT-N set the stage for employers to organize their own internal affairs: articulating a commitment to inclusion and respect and having a data-driven opportunity employment strategy. “Employers may try innovative practices and pilots,” Rosenblum said. “But they are not necessarily tracking the pilot data to their norm to know whether they are getting a return on their investment.” Often the problem is that pilot champions do not have access to human resources data.

The third principle of OPT-N focuses on being proactive and intentional around the recruitment of opportunity youth. This means partnering with community organizations to source talent and offer work experiences, such as apprenticeships. Additionally, removing the requirement of a 4-year degree for entry-level and middle-skilled jobs also removes barriers to employment. The fourth and fifth principles of OPT-N focus on practices for employers after they have opened the door to opportunity youth: providing livable wages and benefits and offering career development to grow in the job.

Key Takeaway | Opportunity youth are an available, capable, and motivated pool of talent that is often overlooked in the workforce. Companies can leverage the talent of opportunity youth by implementing hiring strategies that create diverse and inclusive talent pipelines. Grads of Life continues to develop innovative tools and resources that help companies meet their hiring needs and remove employment barriers for opportunity youth. By investing time and resources to hire, develop, and retain talent from the communities they serve, companies can increase their community engagement and enhance their bottom line.




Perspectives From Business Leaders
OVERVIEW
This section presents perspectives from business leaders who describe multifaceted investments in communities. They explain what was done and why it was done, the impact on community health and economic prosperity, and the value for business. Read about their principles, the importance of childcare and families for the future, and how to build lasting collaborations that strengthen health and prosperity. Perspectives from three organizations are presented: Centene Corporation; Hillenbrand, Inc.; and Shakopee Mdewakanton Sioux Community.

Centene Corporation Perspective

by Michael F. Neidorff, Chairman, President, and CEO, Centene Corporation

The Power of Community

At Centene Corporation (Centene), we believe that economic prosperity relies on investment. When Betty Brinn started Family Hospital Physician Associates (FHPA) in 1984, some 19 million people were eligible for Medicaid across the United States. Once a child in the foster care system and later a mother of four, Brinn was determined to make quality healthcare available to those in need. In her 8 years of pursuing that mission, Brinn grew FHPA from a pilot, nonprofit, Medicaid-managed care plan, housed in the basement of a hospital in Milwaukee, Wisconsin, to a $40-million, for-profit company with 40,000 members.

This purpose and growth attracted me to join the company as chief executive officer in 1996, renaming it Centene in 1997. I appreciated the values of Brinn's organization and shared her belief that every person is entitled to quality healthcare delivered with dignity. From this point, I set out to bring the company's managed care services to as many people as possible. Prior to joining Centene, I had learned to harness the power of local brands. Having spent years in the consumer products industry, I brought these lessons to Centene and believed the company could grow by tailoring healthcare to specific community needs and allowing bold, independent health plan leaders to retain authority and accountability in their local markets. This approach became the foundation of Centene's business model and culture.

Today, Centene has become the largest Medicaid managed care organization (by membership) in the United States, a national leader in managed long-term services and supports, and the top insurer in the nation on the Health Insurance Marketplace. Annual revenues exceeded $74 billion in 2019. Centene goes beyond traditional healthcare by partnering with states and other stakeholders to offer programs and services that address the health and social needs of the country's most vulnerable populations. Centene provides healthcare coverage to approximately 1 in 15 individuals across the nation.

Headquartered in St. Louis, Missouri, Centene employs more than 69,000 people. Centene's presence in the St. Louis area is evident across the city's landscape, from its global headquarters in downtown Clayton to its $35-million service center in Ferguson. The service center exemplifies Centene's commitment to the region.

In August 2014, the world focused on the St. Louis suburb of Ferguson as protesters and police violently clashed following the shooting death of 18-year old Michael Brown, Jr., by a Ferguson police officer. The city's businesses and residents were besieged by fires, vandalism, and riots, and the future of this small community hung in the balance. Ferguson's problems were not unique to Missouri and could have taken place in any community in the United States.

Centene was among the first of many corporations in St. Louis to see the importance of supporting the community of Ferguson. Plans for a new facility in Ferguson moved quickly; fewer than 18 months elapsed between the site announcement and the grand opening. The new facility, named the Centene Service Center, opened in Ferguson in April 2016 and provides many amenities for employees and the community, including a community education center, internship programs, and an early childhood development center. It also brought 250 new jobs. Reaching young people in Ferguson and surrounding communities became part of Centene's strategy to help Ferguson move forward. Centene partnered with Normandy High School to connect students in the Ferguson area with a mentor and an internship at the service center. Dr. Charles Pearson, superintendent of the Normandy Schools Collaborative, said the partnership with Centene, "is another way to help our students make the connection between what they're learning in the classroom and how it can have a positive impact on their futures."

Centene also partnered with the Greater St. Louis Boys and Girls Club to launch Ferguson's first Boys and Girls Clubs in two of the city's elementary schools, paving the way for 400 children to enroll in the club's summer and afterschool programs. Additionally, Centene partnered with the Urban League of Metropolitan St. Louis to build a new job training center on the site of the former QuikTrip location that was destroyed during the protests.

Centene is an important partner in the St. Louis region and in Missouri. Centene's Missouri subsidiary, Home State Health, is also headquartered in the St. Louis area and serves families enrolled in the state's Medicaid program. Since 2012, Home State has partnered with local and statewide physicians, hospitals, and other providers to care for more than 315,000 members across Missouri.

External Influences on Well-Being

We at Centene recognize the vital conditions that influence community health. Coincidentally, these conditions align with our company's industry sector and underscore the scope of our impact: Centene can successfully provide for the health of its members only if we address the underlying conditions that often stand in the way of members achieving health in the first place.

Through our health plans, Centene has piloted several programs that address areas of influence over health (housing, food, education, employment and transportation), for example:

- **Transportation.** Rideshare pilot programs demonstrate improvement in quality of service and reduction in cost across several populations—that is, a 16-percentage point increase in on-time arrivals to appointments (from 83% to 99%) and a 15–18% reduction in cost for non-emergency medical transportation.
- **Community navigation.** Social prescribing services assess support needs and connect individuals with local resources. A partnership between a health plan and community hub provides navigators who help families access local services and provides interpersonal support. For those engaged, birth outcomes improved for high-risk members, demonstrating a 136% return on investment ($2.36 for every $1 invested).
- **Housing.** Participating in a continuum of care, which uses homelessness data from the U.S. Department of Housing and Urban Development to ensure coordinated entry for members experiencing homelessness, resulted in improved health outcomes and costs, including a 9% reduction in inpatient behavioral health visits per month.

Experimentation and Investments to Transform the Status Quo

The path to these programs requires a recognition of the importance of complex systems; the challenges are too large and complex to be solved by a single organization or industry. There is a discernable need to transform the healthcare industry from a series of single-actor silos to cross-sector partners.

Our approach contributes to operational practices and data analytic capabilities. We initially test our pilot initiatives through health plans in individual states, and when appropriate, bring our work to the national conversation. Below are a few ways in which we continue to experiment and invest in serving the health and social needs of our country's most vulnerable populations.

- Centene's Social Determinants of Health Innovation team leverages our local and national relationships to advance the healthcare industry's approach to addressing the barriers that keep members from achieving optimal health. Across multiple states, our health plans have implemented community-integrated social services technology platforms to connect members with community benefit organizations. For example, Buckeye Health Plan, Centene's subsidiary in Ohio, participates in the Pathways Community Hub partnership to identify and address barriers to care for vulnerable persons. By connecting members to community supports and resources via the Hub, Buckeye Health Plan has significantly

(a) improved birth outcomes for women who are most at risk of low birthweight deliveries and (b) reduced admissions to neonatal intensive care units.

- Through a partnership among Centene, Washington University in St. Louis, and Duke University, the Centene Center for Health Transformation fosters research collaborations, demonstrates thought leadership, and initiates innovative new programs. For example, a study of the Centene Center for Health Transformation indicated that interventions to help identify and manage unmet social needs may improve health by lowering stress levels and increasing positive health behaviors. In addition, the Centene Center is currently working with Centene's health plans in Louisiana, Missouri, and Florida to evaluate the impact of peer coaches on reducing childhood obesity, specifically through dietary and activity habits.
- Centene's Social Health Bridge™ Trust is designed to bring data-driven and evidence-based approaches to such entities as physicians, hospital systems, Accountable Care Organizations, payers, and health departments to address conditions that shape the health of individuals and communities.

Investing in Alliances

Firms operate in social and political contexts. The importance of strong relationships with states and local communities should not be underestimated. Strengthening relationships is not easy and takes time. Even in this domain, we've embraced a longtime mantra of mine: "We have to be different. Be first."

This means that, as with our business approach, we make thoughtful investments into communities that may not pay off for years. Also, because scientific research is not always available, we must experiment, test, verify, and expand, often while leading others. We do this is because the fate of our business units is inextricably tied to our communities.

> [W]ith our business approach, we make thoughtful investments into communities that may not pay off for years.

In recent years, we have expanded our presence in several cities, with an eye to increasing the economic health and development of these areas, including Sacramento, California and Farmington, Missouri. We have many instrumental partners who have enabled our economic, civic, healthcare, and educational involvement at the local level—all of which contribute to an enriched environment that empowers healthier decisions to create more vibrant families and communities.

On February 21, 2019, Centene dedicated the cornerstone of a new 68-acre campus in the North Natomas region of Sacramento, California. The facility represents the biggest private sector job recruitment in the modern history of Sacramento. Construction is underway, and the campus will serve as a regional hub for Centene. Sacramento Mayor Darrell Steinberg recognized the power of Centene's presence in California: "We are welcoming a new community leader to Sacramento. Centene and Health Net are at the forefront of serving some of the community's most vulnerable people." Health Net, Centene's health plan in California, is a wholly owned subsidiary of Centene that was acquired in 2016.

Centene's expansion was noted as a victory for Sacramento. Mayor Steinberg praised Centene's partnership with Sacramento on this effort: "The way this all came together says a lot about both Sacramento and Centene. When a growing city and a great company are serious about creating jobs and real opportunity for people, we can both move mountains. The Centene agreement may not be the exception; in fact, it's the model of where the public sector and the private sector coming together is both a big winner for the city and for the company."

> *"When a growing city and a great company are serious about creating jobs and real opportunity for people, we can both move mountains."*
>
> —Darrell Steinberg

Strategic Growth and Continued Partnerships

While Centene believes that businesses have opportunities to address social and economic disparities through investments and creativity, we also recognize that state and federal governments play a role in aligning incentives and supporting provisions for these services. We support policies that enable innovation, such as (a) state Medicaid actions to include any nonemergency medical transportation benefits in their Medicaid managed care programs and (b) removing regulatory barriers to health plans developing innovative ridesharing programs.

We also support policies that increase financial support to pay for these services through public programs, such as Medicare Advantage policies that encourage health plans to innovate. For example, some health plans now offer supplemental benefits and other demonstration programs that can test the effectiveness of these investments. More can be done to allow states and localities to combine and utilize all relevant public funding streams to better target and develop a full suite of services to facilitate whole-person care.

We must develop new products and partnerships to better serve the needs of the community. Sustaining growth requires increased differentiation from competitors. Centene realizes that setting the terms of competition by being the first to enter a market or by using a particular strategy, such as having affiliated in-house companies provide a seamless whole-person approach to care, positions the company for continued success. Success also requires a measured appetite for risk, an ability to act quickly, and a foundation of patience and disciplined investment to build relationships in each new market and to design products that meet the changing needs of local communities.

With continued investments in communities and a steadfast commitment to the guiding principles of the enterprise, Centene strives to improve the health of its members; works to combat health inequities; and returns value to our shareholders, our partners, and, most importantly, the communities we serve.

Hillenbrand, Inc. Perspective

by Joe Raver, President and CEO, Hillenbrand, Inc.

Hillenbrand Today

Hillenbrand, Inc. (Hillenbrand) is a global diversified industrial company headquartered in Batesville, Indiana. We employ more than 12,000 people worldwide at multiple leading brands that serve a wide variety of industries. The company is also an anchor institution in the Batesville area.

Our portfolio includes companies that design, develop, manufacture, and service highly engineered industrial equipment, and Hillenbrand's legacy company, Batesville, is a recognized leader in the death care industry in North America.

Hillenbrand strives to provide superior return for shareholders, exceptional value for customers, and great professional opportunities for employees and to be responsible to our communities.

Hillenbrand's Roots

Despite operations in more than 40 countries, we remain headquartered in the heart of the United States. Batesville is a small city in Southeastern Indiana, nestled halfway between Indianapolis and Cincinnati (Ohio). The relationships between this community of 6,000 people and the company are deep and resilient.

John A. Hillenbrand planted the company's roots in Batesville in 1906 when he rescued a small, struggling casket company. Since then, the company has recognized the importance of the relationship between an anchor institution and a community and the value that keeping innovation and continuous improvement in focus brings to both.

The company was then, and is today, a true community partner, employing hundreds of the city's residents and helping to fuel growth in education, the arts, and the economy.

Challenges in Small, Rural Communities

Remaining headquartered in a rural community in the United States poses several challenges that require partnerships to develop practical solutions. We have learned this about being an anchor institution and community partner: No institution can single-handedly overcome challenges or create and sustain solutions on its own.

No institution can single-handedly overcome challenges or create and sustain solutions on its own.

Consider the challenge of rural population growth: it is flat at best and in decline at worst.

While Hillenbrand continues to grow, the population of our hometown and surrounding rural communities is dwindling, posing a serious challenge for Hillenbrand and other companies seeking qualified workers. Students are leaving for college and not returning to the local workforce; the birth rate is declining as the existing population ages; and immigrants and their families are settling in larger cities. These trends leave companies like Hillenbrand facing a steady decline of available working-age employees and a gap in skills needed to perform critical jobs.

- To help rural communities thrive, policymakers, business leaders, and educational institutions must work together to reduce the population decline, address the skills gap, and attract and retain new workers. For example, rural communities need quality healthcare with nearby access to obstetric and gynecologic (OB-GYN) services so young families can grow without having to drive 2 hours to an OB-GYN appointment; and
- Formal programs are needed to close gaps in skills and provide talent pipelines to sustain and grow local businesses.

Each of these is a long-term investment that might not yield immediate dividends, but they are important to the vitality of the community and the company. Hillenbrand has focused on these and other efforts to foster a talent ecosystem that attracts and retains the next generation of workers and creates sustainable communities.

The Unique Role of Anchor Institutions

Students, graduates, and young families are opting first for quality of place. They are moving, with or without a job or income, to interesting locations with the amenities they seek. Because rural communities often do not have these amenities—such as diversity, arts, and cultural experiences—rural communities develop quality of place for themselves.

To better understand and address the various challenges facing rural communities, Indiana's Task Force on Rural Affairs built a coalition of rural business and thought leaders, including representatives of Hillenbrand, from across the state for a year. The task force discovered that quality of place for rural communities hinges on the presence of quality education and industry (business and employment), an anchor institution, and a hospital or healthcare facility with an obstetric practice. The lack of public transportation in rural communities means these essentials must exist within 30 miles of a city's center.

With these insights, Hillenbrand joined with others to make hospital services in Batesville a priority, and to focus philanthropic, workforce, and community relations efforts on education, industry, and healthcare. These community assets will determine the vitality and sustainability of our rural communities for years to come.

Building Regional Capacity

Building on the successes of similar programs, the Hillenbrand Community Leadership Series (HICLS) annually assembles 20 people from the company and community to engage in strategic discussions with business and civic leaders. The group is often used as a "think tank" for the community, studying and solving large issues facing the community, including diversity and inclusion, workforce skills, and the development of a vibrant downtown to build Batesville and Southeastern Indiana into attractive places to live and work. Indeed, quality of place featured prominently in a 2015 HICLS survey showing that a lack of entertainment, dining, and shopping are among the top reasons people who work in Batesville chose to live elsewhere.

Indianapolis, just 50 miles northwest of Batesville, is home to a world-renowned symphony orchestra. People looking to enjoy this level of art and culture were not finding it in or around Batesville. Hillenbrand worked with the Batesville Area Arts Council to create a 3-year strategic partnership with the Indianapolis Symphony Orchestra (ISO). The partnership coordinates the Star-Spangled Symphony. ISO transports a stage and its musicians to Batesville for a concert. The performance is accompanied by fireworks, bringing to Batesville a patriotic event that most area residents would have to travel a significant distance to see otherwise. A network of regional sponsors helps to make the event successful, including financial and volunteer support from Hillenbrand, the Batesville Area Arts Council, the City of Batesville, and across Southeastern Indiana. But the partnership does not focus only on the concert; to support programming leading up to the concert, ISO's musicians engage with area schools and community leaders to promote the arts.

Events like the Star-Spangled Symphony benefit more than the arts. They enhance economic development by enabling smaller businesses to cross-sell to new groups of consumers who travel to communities to attend events. Arts act as a type of tourism department that most smaller communities cannot afford.

The Interdependent Economy: Donations and Talent

In 2015, Hillenbrand launched One Campaign, a corporate initiative around four concepts to improve the communities where Hillenbrand operates: 1 day of service, 1 week of community partnership, 1 month of educational awareness, and 1 year of significant corporate contributions. As One Campaign grows, its focus has evolved from one-and-done volunteer projects to a platform linking business strategies with communities and aligning strategies with the United Nations Global Compact's Sustainable Development Goals. In 2019, the company's initiatives focused on quality education and helping employees foster educational partnerships in communities.

Employees at Hillenbrand in Batesville volunteer as tutors in a summer camp that teaches students about science, technology, engineering, arts, and mathematics—or STEAM. The camp serves students in kindergarten through sixth grade and links to Hillenbrand's workforce talent pipeline.

We also provide opportunities for students in seventh through ninth grades to further their interest in manufacturing. For example, in Manufacturing Camp, a project that benefits a local not-for-profit organization, seventh graders provide backpacks full of school supplies to children in need across Southeastern Indiana. With oversight from company volunteers, students design a production line to fill backpacks with supplies. In doing so, they apply critical thinking to overcome everyday business obstacles, such as power outages, supply shortages, and tariffs. The students assemble 800–1,000 backpacks that are delivered to families in need in 16 counties surrounding Hillenbrand's headquarters.

Donations of time and talent are important components of workforce-related programming and activities, but ultimately, they come with a price tag. Financial contributions or expenditures are often necessary to drive meaningful change, but if these are not strategic, a company risks sponsoring events with no meaningful link to the company's strategic community and workforce initiatives.

Hillenbrand's financial contributions align with the company's values to pursue growth in the organization and to increase value for the community. We look for opportunities that are community-focused, mutually beneficial, and support growth through engagement.

Hillenbrand's contributions are often mutualistic, benefitting both the company and the community. Consider how Manufacturing Camp works: Hillenbrand donates money to a not-for-profit organization working in the community, and then contributes time and volunteer talent to execute the task of filling and distributing the backpacks. Filled backpacks make their way to students in need in the region, who take their backpacks to area schools, where Hillenbrand recruits future employees.

The Opioid Crisis and Rural Communities

Unfortunately, many communities are grappling with the opioid crisis. Through our partnership in legislative affairs with the local hospital, we found additional needs and startling statistics related to the opioid crisis and health, recovery, and housing in rural communities. Hillenbrand partnered with Margaret Mary Health in Batesville to determine how, as an anchor institution, Hillenbrand could join the conversation and play a role in leading solutions.

Clinicians in the hospital's Addiction Services Program determined that while treating addiction is important, long-term success is rooted in improvements outside the clinical setting. The conditions that shape health—such as access to healthy food, housing, clothing, and often income—must be met to achieve long-term sustained changes in health behavior and are often difficult for a local company to address.

The hospital's Addiction Services Program helps patients find employment, but many patients also experience housing insecurity. Lack of sober living facilities and homeless shelters and limited or nonexistent public transportation in rural communities are barriers to success.

Hillenbrand worked with the hospital to identify community stakeholders who could look for short- and long-term solutions to the barriers, and then hosted a roundtable conversation to gather different perspectives. The establishment of sober living facilities and additional housing for this population is still in its early stages, but sometimes having these challenging conversations in a rural community is the most difficult first step. Hillenbrand often serves as a convener for broader conversations in the community.

Closing Skills Gaps

The challenges inherent in the location of Hillenbrand's headquarters in rural Batesville are not unique to communities in the United States. Companies like Hillenbrand must think differently about how to attract and retain employees at home and abroad. We realize that developing and maintaining global partnerships to address changing workforce demographics will fuel business and community success.

Hillenbrand is partnering with Batesville High School and a school in Germany near one of our manufacturing sites, and creating opportunities for students in both countries to travel to each other's sites, learn about the company, gain exposure to manufacturing facilities, and consider possible careers. Hillenbrand hopes ongoing collaboratives and hands-on activities will foster interest in manufacturing careers in the United States and abroad.

Building a Sustainable Future

Since the early 1900s, Hillenbrand has embraced its role as an anchor institution in Batesville and in the communities it serves around the world. As an anchor, Hillenbrand has a responsibility and opportunity to strategically invest in communities to provide increased access to education and workforce training, hospitals and health and wellness programs, and cultural opportunities.

In July 2019, Hillenbrand announced its intent to acquire a similar-sized company based in nearby Cincinnati. Shortly after the news of the acquisition was released, community leaders were all asking one question: "Where will your headquarters be?" They were expecting Cincinnati. But we have not moved from Batesville.

For years, Hillenbrand has invested money, time, talent, and leadership to improve Batesville, Indiana, and surrounding communities, as well as all of the communities in which we operate abroad.

We have learned that no single effort will overcome the challenges that rural communities face in terms of workforce, education, and health. But having a strong community strategy and building rich relationships have helped Hillenbrand create a talent pipeline, build regional capacity, infuse arts and culture into everyday life, and improve the health of the people who live in the region. As CEO, I am pleased to share our commitment to help meet the needs of the present while making improvements for future generations. We believe the positive impacts of our people, products, and partnerships will help to enhance the environments in which we operate.

Shakopee Mdewakanton Sioux Community Perspective

by Chairman Keith Anderson, Vice-Chairman Cole Miller, and Secretary/Treasurer Rebecca Crooks-Stratton, Shakopee Mdewakanton Sioux Community

Ancient Values and Business Success Spur Community Health and Economic Prosperity

Shakopee Mdewakanton Sioux Community (SMSC) is a federally recognized, sovereign Dakota tribal government located just southwest of Minneapolis–St. Paul, Minnesota. Our sovereign nation existed before the formation of the United States. Our ancestors have resided in this region for centuries.

Our tribe owns several businesses, or enterprises, first opening a tiny bingo hall in the 1980s that later became Little Six Casino. In 1992, our tribe opened Mystic Lake Casino Hotel, the premier gaming facility in the Midwest. SMSC enterprises have continued to grow and diversify over the years. Our tribe's more than 15 enterprises include a fitness club and natural food market on the reservation, a nearby biomass energy facility, and a luxury hotel located adjacent to the Mall of America in Bloomington, Minnesota.

With more than 4,100 employees and nearly $177 million in annual payroll, our tribe is now the largest employer in Scott County, Minnesota. We also work with more than 2,000 vendors in a 25-mile radius and pay $300 million to vendors annually.

Like every responsible government, we provide for the well-being of our residents and employees and maintain important services and infrastructure, including roads, water and sewer systems, parks and green spaces, and emergency services. Unlike other governments, we fund these essential services with earnings generated from our enterprises. We do not have property, income, sales, or other tax revenue to sustain and grow our community and ensure that our community members are healthy and have opportunities to thrive.

Supporting the growth of our enterprises is very important to our tribe. As our enterprises have grown over the years, we have seen that our business success is closely tied to the success of neighboring communities and the wider region. When neighboring businesses and communities grow and thrive, so do our enterprises and our community. Therefore, we invest time and earnings back into the region and into other Native communities. We focus our investments on three strategic areas: our region and partners, our employees and community, and Indian Country.

Our Values

Investing our business earnings into our communities to ensure that we all succeed, grow, and thrive together keeps both our enterprises and our communities strong. Our decisions are led by a commitment to our citizens, our culture, and our heritage.

Tribal Sovereignty: The Inherent Right of Tribes to Self-Governance and Self-Determination

The Dakota people have lived in the Minnesota and Mississippi River Valleys for thousands of years. The sovereignty of tribal governments predates—and is affirmed by—the U.S. Constitution and U.S. Supreme Court.

"The Congress shall have the power to . . . regulate commerce with foreign nations, and among the several states, and with the Indian tribes" (Article 1, Section 8, U.S. Constitution).

As sovereign nations, federally recognized tribes maintain a government-to-government relationship with all levels of government. Tribal members are citizens of their tribe, state, and the United States.

"Wo' okiye" is the Dakota word for generosity and helping others. The Dakota people have a longstanding tradition of partnership and sharing resources, which we honor through our business practices; community investments in the region; a $500-million loan program across Indian Country; and our philanthropy program that has provided more than $350 million to other tribes, local governments, and nonprofit organizations.

The Dakota tradition of planning seven generations ahead also shapes our business and community decisions. We constantly consider how our decisions will impact people seven generations from now. This imperative influences our enterprise ventures and our stewardship of the environment.

Investing in Our Region and Partners

SMSC partners with neighboring governments and organizations to benefit the region by addressing shared priorities, such as public safety, natural resources and the environment.

For example, SMSC partnered with Rahr Malting in 2007 to create a sustainable energy plant called Koda Energy. This combined heat and power plant is the only facility in the United States that burns exclusively natural, non-manmade materials. Using a suspension boiler for maximum efficiency to burn only renewable products, its rate of heat conversion is approximately 87%, which is substantially higher than that of coal (63%). This renewable and sustainable source of energy produces electricity and other forms of power.

The jointly owned facility continues the tribe's tradition of stewarding the environment and earning revenue from selling excess energy.

Clean water is essential to our communities. SMSC and the City of Prior Lake worked together to build a water treatment plant for both communities, treating up to 3.5-million gallons of water per day for use by the tribe and the city. SMSC provided $22.5 million for the project, and the city invested $2.2 million for the equipment necessary to deliver treated water now and in the future. The plant is designed for future expansion as each community grows. By sharing the facility, we reduce redundancies and achieve significant savings for both communities.

Governance Structure

We are charged with promoting the health, education, and welfare of our tribal members now and for generations to come. This includes making decisions that shape SMSC's role as an employer and member of the broader community.

The highest governing body of SMSC is the General Council, comprised of all enrolled members of our tribe 18 years of age and older. This council meets monthly to discuss important issues, make decisions and set policies, and approve the annual budget of our community. The General Council also elects three members of the Business Council (chair, vice-chair, and secretary/treasurer) and members of other governing bodies.

The Business Council is responsible for running the day-to-day operations of the tribe and implementing the decisions of the General Council.

Our tribal government is also committed to collaborating and communicating with neighboring governments in Scott County. For example, the Scott County Association for Leadership and Efficiency (SCALE), developed in 2003, is an award-winning local government collaboration between SMSC; Scott County; and the cities, schools, and townships in Scott County. SCALE welcomes entities as equal and voluntary partners who work together to serve the region's growing population more efficiently and effectively. SCALE's initiatives and projects have benefited SMSC and the region, saving all entities money by pooling resources and avoiding redundancies.

Following the success of SCALE, SMSC and its neighbors in Scott County and the Cities of Prior Lake and Shakopee formed the Intergovernmental Working Group (IWG) in 2012. IWG focuses on specific issues, such as land development rights. Like SCALE, IWG provides a forum for governments to come together and find solutions to shared challenges.

Investing in Our Employees and Community

The success of our enterprises is the result of contributions made by many people. Our tribe recognizes the importance of our people, including employees; we take pride in being a good employer that employees are proud to work for.

SMSC demonstrates its values and its appreciation for members and employees by providing them with a comprehensive benefits package and a wide range of services. Employees receive medical and dental insurance and a health flex spending account. They have access to the on-site Mystic Clinic and Shakopee Dakota Clinic, as well as to the tribe's vision and dental clinics. Employees receive discounts at our fitness center, Dakotah! Sport and Fitness, and our natural food market. Beyond health benefits, team members have access to a 401(k) retirement plan, tuition reimbursement, life and disability insurance, weekly pay, free beverages while working, and free uniforms and laundering. Employees at SMSC and its enterprises receive a 50% discount at Playworks, an on-site childcare and early childhood education facility. Many employees also receive access to free transportation to and from work through a variety of options, including a partnership with the Metro Valley Transit Authority.

Part-time employees receive medical insurance for those working an average of 30 or more hours per week, a 401(k) retirement plan, discounts on health risk assessments and health education, and a discount on membership at Dakotah! Sport and Fitness.

Our employees are some of our biggest advocates, and many stay with us for a long time. The average tenure for SMSC employees is 8 years, which is twice the national average.

Investing in Indian Country

As a Native American tribe, SMSC places particular importance on collaborating with and supporting other tribes and Native American communities. Our investments aim to strengthen individual tribal communities and all of Indian Country.

Many tribes struggle economically; solutions, such as building and maintaining enterprises, are expensive. A lack of economic development means many Native American communities are deemed high risk from a loan perspective, and tribal governments have difficulty obtaining bank loans to cover such investments. To help meet this need, SMSC's loan program has provided more than $500 million to help spur economic development across Indian Country. The loans help tribes start up and expand enterprises that provide jobs and income for their citizens and enhance their region's economy. The loans also provide interest return for our own tribal community. For example, SMSC funded Red Lake Nation's casino and hotel in

> As our enterprises have grown over the years, we've seen that our business success is closely tied to the success of the wider region. When neighboring businesses and communities grow and thrive, so do our enterprises and our own community. Therefore, we invest time and earnings back into the region. . . .

Warroad, Minnesota, with a $27 million loan. The facility opened in 2014 with a state-of-the-art gaming floor and hotel, drawing in new visitors to their reservation and providing about 100 new jobs for tribal and nontribal members in the Warroad area.

The loss of traditional foods and extreme poverty have caused many Native Americans to suffer from poor or inadequate diets. This has led to obesity, diabetes, and other health problems. In fact, Native Americans are twice as likely as the rest of the U.S. population to have nutrition-related health problems.

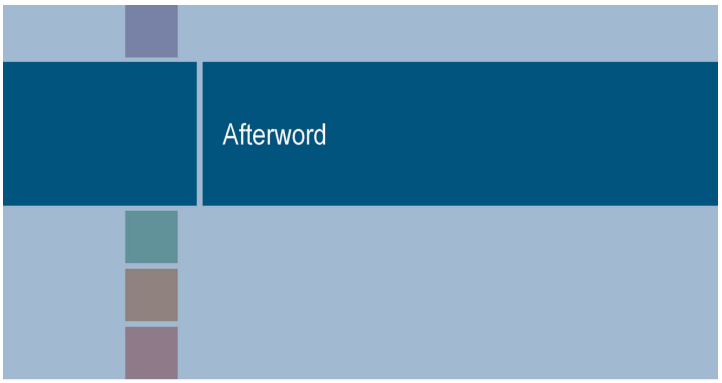
To improve nutrition and restore healthful diets among Native Americans in our community and nationally, we established an organic garden and natural food market and launched Seeds of Native Health, a $10-million national philanthropic campaign including grantmaking, advocacy, and research. For example, we contributed $80,000 toward the implementation of the Navajo Nation's "junk food" tax, which leveraged an additional $262,000 from three other funders. The Seeds of Native Health campaign collaborated with MAZON: A Jewish Response to Hunger, to jointly fund the Indigenous Food and Agriculture Initiative's model tribal agriculture and food code project. The partnership made the policy research project possible and involved a new organization in efforts to improve Native dietary health.

Building a Sustainable Future

Our tribe has forged many relationships, strengthened partnerships, and made investments with the goals of serving our citizens and our Dakota values and of helping the broader community reach their goals. By investing in our region, partners, employees, and community and in other sovereign Native nations, we strengthen our own enterprises and strengthen our people and communities.

Our traditions of "wo' okiye," or helpfulness, and of planning seven generations ahead inform our decisions and contribute to the success of our region and of Indian Country as a whole. Not only are these important values, but our tribal community and enterprises have succeeded thanks in part to these traditions. As a tribal government and an owner and operator of many successful enterprises, we have seen firsthand how investing in the broader community benefits our own community and enterprises, which—like many businesses—brings value to our region. Our success is interconnected and shared.

We have seen this interconnection and shared values when building partnerships with competitors, providing high-quality employee benefits and training programs, and helping other Native communities access capital for community development. Our story underscores how putting values into action and building up other governments, businesses, and communities can help everyone achieve great things.


Afterword

Afterword to the Surgeon General's Report

by Mike Leavitt, Founder and Chair of Leavitt Partners, 14th Governor of Utah, Administrator of the Environmental Protection Agency (2003–2005), and Secretary of the U.S. Department of Health and Human Services (2005–2009)

I have long been passionate about finding ways to better our country through the creativity and innovation that results from the public and private sectors working together toward a common good. I am pleased that the Surgeon General is, through this report, exploring the important role that the business community plays in improving our country's health, and demonstrating so clearly the inextricable link between community health and economic prosperity.

As I pen this, we are at an unparalleled moment in our nation's history because of the wide-ranging impacts resulting from the arrival of COVID-19 on our shores. Of course, this Surgeon General's Report was conceived quite some time ago, when the next pandemic was only theoretical and far from top of mind for most Americans. COVID-19 presents a formidable challenge to the world and to the United States. Because of COVID-19, we have lost loved ones and colleagues, families have endured difficult economic circumstances like job loss, our daily lives have been disrupted, and our perspectives on health and the economy have been altered.

Our national focus on responding to this public health emergency does not take away from the important messages in this report. In fact, it now seems prescient and highly relevant that the Surgeon General chose to focus on the connections between community health and economic prosperity and the role of business, particularly investing in one to achieve the other. The inextricable link between the health of businesses and the health of communities has never been more apparent. From employees and customers to suppliers and service providers, it is strikingly obvious how interconnected and interdependent we are today.

I would like to reflect on the impacts of this pandemic and some of the truths it has revealed. To address this public health emergency, federal, state, and local governments have had to make difficult decisions, including temporarily suspending activities to create the physical distancing needed to flatten the curve. The phrase *flattening the curve* was foreign to all but public health officials at the beginning of 2020, but that phrase is now common parlance as everyone's cooperation is needed to address the COVID-19 pandemic.

The private sector has also made tough choices, including voluntarily adapting on short notice to working remotely, canceling long-planned conferences and business travel, suspending sports leagues, and altering operations or even closing businesses for periods of time to keep employees and customers safe. These choices have affected nearly all business settings, from office jobs and restaurants to manufacturing, packaging, and retail operations.

Through this pandemic, company leaders have stepped up to take actions in the public interest despite the effects those action have on their bottom lines. There is no doubt that these decisions are hard on businesses. From one-person start-ups to major multinational corporations, nearly all have felt the pain of the slowdown in business and the impacts on revenue. But ultimately, these dramatic actions are needed to protect the health of the American public, our businesses, our economy, and our future.

But the story does not stop at the health and economic devastation resulting from this pandemic. A broader lens reveals how we can use this experience to ultimately improve our health and our economy and prevent similar devastation from a future threat. While our battle against COVID-19 is not yet over, I am eager to begin documenting our collective observations, perspectives, and lessons learned from confronting this challenge. It may be too early at this point to draw definitive conclusions, but I am certain that we must begin this work now, before too much time passes and we have moved on to other concerns or forgotten what we saw in the first half of 2020. Next, I will share some of my reflections about the underlying problems this pandemic has spotlighted and how our systems can adapt to meet the needs of our population.

First, in addition to showing the clear link between business and health, this pandemic has revealed, sometimes in stark terms, how social and economic stressors influence health. I cofounded the National Alliance to Impact the Social Determinants of Health (NASDOH), partly out of recognition that we need to engage the business community to articulate the whole-of-society value proposition for addressing the social determinants of health—or what this report refers to as the vital conditions that shape health, wealth, and well-being. NASDOH encourages public and private sector leaders to work together to address the conditions in the environments in which people are born, live, learn, work, play, worship, and age that affect health, functioning, and quality-of-life outcomes and risks.

NATIONAL ALLIANCE TO IMPACT THE SOCIAL DETERMINANTS OF HEALTH

NASDOH is a multisector group of stakeholders that works to systematically and pragmatically build a common understanding of the importance of addressing social needs and determinants as part of an overall approach to improve health. NASDOH focuses on advancing public and private sector policy environments to support the development of the evidence base upon which work in the field can build, innovate, and be sustained.

In past emergencies like natural disasters, we have seen that some communities are particularly vulnerable to the health and economic effects stemming from such tragedies. With the spread of COVID-19, we have seen that racial and ethnic minorities, older individuals, and those with underlying health conditions—such as obesity, diabetes, and hypertension—are particularly

at risk of complications and death from the virus. As a result, individuals with these conditions have had poorer outcomes than those without such underlying circumstances. The fact that these conditions are so common in America has created additional demands on the healthcare delivery system.

Now we can see that we would be better off if we had invested more to prevent the development of chronic conditions in these higher risk communities and to better manage the conditions once they are diagnosed. As this report discusses, business plays a critically important role in promoting community health—to both business and community—and we should work together to help position ourselves better before the next emergency. Many of the actions that will ease the impact of an emergency like COVID-19 can also help to address the conditions that cause premature death every day in America. This report highlights several of these actions, including (a) helping more Americans to become financially secure and gain the skills and support they need to be successful on the job and (b) increasing access to quality affordable housing and safe green spaces, quality early childcare and development programs, and reliable transportation. These efforts will remain public health urgencies long after COVID-19 is a memory.

The economic disruptions caused by COVID-19 have hit Americans hard, particularly vulnerable communities. Unemployment and food insecurity have skyrocketed, and many workers have lost their healthcare coverage. Many people who work in the service sector, the "gig work" economy, and other customer-facing jobs have not transitioned easily to working remotely, resulting in tens of millions of furloughs and job losses. Workers deemed "essential"—such as grocery store and food service employees, bus drivers, home health aides, convenience store workers, and first responders—have retained their jobs but at the cost of being far more likely to be exposed to the virus. Financial insecurity and a lack of paid sick leave meant staying home from work when ill was not a viable option for most of these lower-wage workers.

Second, when we look back at the country's response to this pandemic, I think it is important to remember all it took to fight COVID-19. The immediate response to this crisis required testing capacity, personal protective equipment to protect our healthcare work force, medicines and equipment to treat those who were sick, and vaccine development to protect the population as a whole. But medical care for individual patients is only part of the story. We also needed public health functions, like contact tracing; social services, like food pantries for the food insecure and meal delivery for the homebound; and childcare supports and transportation options to help essential workers report to their jobs. And we had to work together to make and support decisions that benefit all of us, not just one sector, population group, or location.

Our healthcare workers on the frontlines of the pandemic face immense challenges just to keep up with the demands and changes in practices to ensure that patients and staff are safe. Our social care systems are also strained, having to adapt and create new ways of delivering services amidst the demands and challenges from the pandemic.

When we think in the future about the infrastructure and personnel that our country needs to support health, I hope we will remember the importance of

- Hospital beds, equipment, and frontline healthcare providers;
- Public health and social services programs, personnel, and systems;
- Community cohesion and neighborhood resources; and
- The vital conditions that shape health, wealth, and well-being, which are missing from too many American communities.

Moving forward, we must address all the factors that contribute to worse health and economic outcomes and higher risk for so many Americans, so that next time we can reduce (a) the economic impact and the burden of disease on those individuals and (b) the overall burden on healthcare delivery.

Finally, the COVID-19 pandemic has showed to us the broad view needed to restore health and economic prosperity across sectors and to better strengthen and prepare resilient communities, so we can sustain health and economic prosperity for all our neighbors. The actions we'll need to take to recover and rebuild from the pandemic will challenge us all to play a part—as individuals, families and communities, as well as the public, private, and nonprofit sectors.

This report recognizes that business plays an important role in strengthening communities, creating value, and building shared prosperity. Business can also be an important partner to public health departments, social services systems and enterprises, and community development organizations that have proven so vital in this pandemic and in the decades-long efforts to build healthy and resilient communities and expand opportunities for more Americans. Let us not waste this opportunity to learn from what we have been through and to challenge businesses to engage with communities and serve as leaders in improving health for all.

As this report so eloquently demonstrates, business can and should play a role in improving community health and economic prosperity for all. Now, more than ever, we need the business community's commitment, energy, and devotion to do so. To make the biggest impact and do the most good as we emerge from this pandemic, business leaders should listen to their communities about their unique needs. The challenges in each community varied before this crisis, and

communities will emerge from it with different needs as well. I believe we serve best when we listen and learn first, and all of us, including the business community, should rise to the challenge with this spirit in mind.

I will leave you with a final thought. In time, COVID-19 will be conquered by human ingenuity. Until then, it is a problem that must be managed daily. The virus presents a new set of risks that we must learn to navigate together. Although the sense of suffering the pandemic brings is most unwelcome, it will also bring renewal. Hardships like this have a way of renewing our collaborative spirit, inspiring innovation, breaking down bureaucratic obstacles, and scrapping away hubris. We can endure this and become better people and a stronger nation.

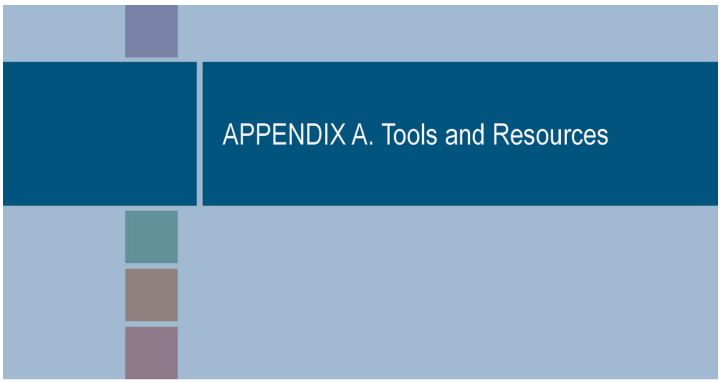

APPENDIX A. Tools and Resources

Table A.1 Multiple chapters: Tools and resources

Organization	Link	Type of tool or resource	Description[a]
Asset-Based Community Development Institute (DePaul University)	https://resources.depaul.edu/abcd-institute/resources/Pages/tool-kit.aspx	Repository of community development tools	This toolkit contains a collection of tools and resources and was created by faculty members of the Asset-Based Community Development (ABCD) Institute, as well as by individuals and organizations that embody in their work the principles of the ABCD Institute. The tools are arranged into three general categories: ABCD Talking Point Tools, Asset Mapping Tools, and Facilitating Tools.
Build Healthy Places Network	https://buildhealthyplaces.org/measureup/mapping-tools/	Repository of community health and development mapping tools	This collection of maps and mapping tools for community health and development helps users identify disparities, examine baseline data, document trends, and much more. Featured tools include The Opportunity Atlas, the California Health Places Index, and the Distressed Communities Index.
Build Healthy Places Network	https://buildhealthyplaces.org/measureup/measurement-tools/	Repository of community health and development measurement tools	This collection of measurement tools for community health and development provides users with instruments to measure impact and allows them to compare and contrast tools to help them find the ones that best fit their needs. Featured tools include Enterprise Community Partners' Healthy Housing Outcomes Survey, the St. Louis Federal Reserve's Community Investment Explorer, and a city health dashboard.
Build Initiative	https://www.buildinitiative.org/CSDToolkit	Community systems development toolkit	This toolkit, which is tailored to the needs of community-based collaboration and organized in systems change theory, is designed to provide accessible, comprehensive resources that support the changing stages and needs of communities engaged in collaborative work. Tools include forms, examples of community level strategies, questions, guidance, samples, processes, and articles.
Centers for Disease Control and Prevention	https://www.cdc.gov/workplacehealthpromotion/tools-resources/workplace-health/mental-health/index.html	Resource about mental health disorders and stress that affect working-age Americans	Website offers strategies for managing mental health and stress in the workplace, along with business success stories and solutions.
Collaborative Toolbox	https://www.collaborativetoolbox.ca/strengthening-communities	Collection of resources on strengthening communities	This collection of resources helps to guide communities in fostering caring relationships, which can make a difference in the life trajectory of a child or youth. Resources include community plans and profiles, reports on specific topics, and press releases, among other types of resources.

Organization	Link	Type of tool or resource	Description[a]
Community Tool Box (University of Kansas)	https://ctb.ku.edu/en/table-of-contents/assessment/assessing-community-needs-and-resources	Collection of resources on assessing community needs and resources	This chapter of the Community Tool Box includes an array of resources on assessing community needs and resources. Twenty-four sections in the chapter cover such topics as conducting needs assessment surveys, using tools for community mapping, and using small area analysis to uncover disparities. The broader Community Tool Box resource is also useful for community-building skills.
Community Tool Box (University of Kansas)	https://ctb.ku.edu/en/toolkits	Repository of community development tools	This collection of toolkits from the University of Kansas's Community Tool Box helps users get a quick start on essential activities in community work. The toolkit covers such topics as creating and maintaining coalitions and partnerships, assessing community needs and resources, developing a framework or model of change, enhancing cultural competence, influencing policy development, and applying for grants, among others.
Federal Reserve Bank of Atlanta	https://www.frbatlanta.org/oweo/data-tools/opportunity-occupations-monitor.aspx	Opportunity employment tool	The Opportunity Occupations Monitor displays opportunity employment and its prevalence across labor markets. Opportunity employment is an estimate of the number and share of jobs accessible to workers without a bachelor's degree that pay more than the national median wage.
National Institute for Occupational Safety and Health	https://www.cdc.gov/niosh/topics/opioids/wsrp/default.html	Tools for a workplace-supported recovery program	Workplaces are a critical point of contact for Americans struggling with or recovering from a substance use disorder. Ideally, workplaces provide individual-, family-, and community-level support and improve the well-being of workers. Workplaces should create work environments that proactively prevent substance misuse, reduce stigma, and encourage treatment and sustained recovery.
National Safety Council	https://nsc.org/drugsatwork	A substance use cost-calculator for employers	The National Safety Council collaborated with NORC at the University of Chicago, an independent research institution, to update The Real Cost of Substance Use to Employers tool, which was originally developed in 2017 with national nonprofit Shatterproof. This cost calculator is an easy-to-use tool that provides business leaders with specific information about the cost of substance use (including prescription drug use and misuse, alcohol use and misuse, opioid and heroin addiction, and use of other illicit drugs and cannabis) in their workplace based on size of employee base, industry, and state.

Organization	Link	Type of tool or resource	Description*
Organisation for Economic Cooperation and Development (OECD)	https://www.oecd-ilibrary.org/economics/measuring-the-impact-of-businesses-on-people-s-well-being-and-sustainability_51837366-en	Selected papers on measuring the impacts of business on well-being and sustainability	The OECD Statistics Working Paper Series offers a collection of publications about measuring or reporting on business' impact, or certain aspects of it. In particular, this paper (*Measuring the impact of businesses on people's well-being and sustainability: Taking stock of existing frameworks and initiatives* by Michal Shinwell and Efrat Shamiri) shows that despite the proliferation of information and frameworks to measure these impacts, there is currently no common understanding and practice on how to assess the performance of businesses in different social and environmental areas. Building on OECD's work on measuring well-being at the national level, the paper aims at better understanding how businesses can impact people's well-being and sustainability. It contributes to, and complements, other initiatives undertaken by OECD on responsible business conduct and inclusive growth. This analysis is a first attempt at extending to businesses the approach used by OECD to assess and benchmark the well-being performance of countries and subnational regions, in view of creating a common language and improving the quality, comparability, and coherence of information on the impact of businesses on societal progress and people's life.
The Rippel Foundation, with support from the Robert Wood Johnson Foundation	https://www.rethinkhealth.org/wp-content/uploads/2018/10/RTH-WellBeingPortfolio_rethinkhealth-Summary_10222018.pdf	Well-being portfolio tool	The Negotiating a Well-Being Portfolio exercise is designed to help regional leaders explore how to create a balanced and impactful set of policies, programs, and practices that will transform the system that produces health and well-being in a region. The exercise consists of 12 different portfolio options, each representing a category of policies, programs, and practices that address either urgent needs or vital conditions. This exercise is most effective if users are able to gather major stakeholders from across their region. This exercise assumes that users have developed a shared vision or value proposition for regional transformation.
Santa Cruz County (California) Business Council	https://scbusinesscouncil.com/wp-content/uploads/2019/03/Rapid-Re-Housing-Brief.pdf	Rapid Rehousing brief	This brief describes rapid rehousing intervention and its core components, target populations, and effectiveness. The brief also lists some practical considerations, important questions to consider when implementing rapid rehousing, and useful external resources.

Organization	Link	Type of tool or resource	Description[a]
Substance Abuse and Mental Health Services Administration	https://www.samhsa.gov/workplace/toolkit	Information to help employers develop and sustain successful drug-free workplace programs	The Drug-Free Workplace Toolkit supports workplace health and safety by creating and maintaining drug-free workplace policies and programs. The policies and programs may include preventing the misuse and abuse of alcohol, tobacco, and other drugs; addressing substance misuse within the context of workplace health and wellness programs; and providing intervention services for employees and their families.
The White House	https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Housing_Development_Toolkit%20f.2.pdf	Housing development toolkit	This toolkit highlights actions that states and local jurisdictions have taken to promote healthy, responsive, affordable, high-opportunity housing markets. These actions include establishing by-right development, taxing vacant land or donating it to nonprofit developers, streamlining or shortening permitting processes and timelines, eliminating off-street parking requirements, allowing accessory dwelling units, establishing density bonuses, enacting high-density and multifamily zoning, employing inclusionary zoning, establishing development tax or value capture incentives, and using property tax abatements.
U.S. Chamber of Commerce Foundation	https://www.uschamberfoundation.org/quick-guides	Tools that help local chambers of commerce and local businesses prepare for and recover from disasters	Created by the U.S. Chamber of Commerce Foundation Corporate Citizenship Center, the Disaster Preparedness and Recovery Quick Guides provide local chambers and small businesses with practical tools and resources to become better prepared for disasters and to better understand what steps to take after such an event occurs.
U.S. Economic Development Administration (EDA)	https://eda.gov/tools/	Repository of tools and resources for economic development	This is a collection of tools and resources from EDA, which partners with entities to develop and disseminate tools on new and emerging economic development concepts that practitioners and policymakers can utilize to make more informed development decisions. This collection includes two tools designed to help practitioners better identify their cluster assets and an investment analysis tool that helps practitioners prioritize projects. It also includes a tool that provides EDA stakeholders who are interested in measuring distress with an efficient way to calculate whether a county, region, or neighborhood may meet EDA eligibility thresholds for unemployment and income.

Organization	Link	Type of tool or resource	Description[a]
University of California, Berkeley, Labor Center	https://laborcenter.berkeley.edu/topic/low-wage-work/labor-standards/minimum-wage/	Repository of resources and tools on minimum wage and living wage	This website includes several tools and resources focused on minimum and living wages, including a living wage calculator and a basic family budget calculator. It also contains resources on other topics, such as minimum wage ordinances.
United States Interagency Council on Homelessness	https://www.usich.gov/tools-for-action/	Collection of tools for action to address homelessness and related issues	This database of resources on homelessness includes a variety of resources, including briefs, fact sheets, reports, tools, and webinars. Users can filters search results by several different parameters. This database was created and is managed by the U.S. government.
Well Being In the Nation (WIN)	https://www.winmeasures.org/statistics/winmeasures	Website with measures of community well-being	This website describes the WIN measures, which show connections between social conditions, health, community, and well-being. It gives an overview of core measures of the well-being of people, the well-being of places, and equity, and it highlights leading indicators of well-being in such domains as economics, housing, and education.
Well Being In the Nation (WIN) Network	https://winnetwork.org/vital-conditions	Website with a collection of resources on vital conditions	The WIN Network presents an overview of the Vital Conditions for Well-Being framework and offers separate resources for each vital condition. The vital conditions included in the framework are basic needs for health and safety, life-long learning, meaningful work and health, humane housing, reliable transportation, and a thriving natural world.

[a] Descriptions are used in full or adapted from content in the respective tool or resource or from content on the respective organization's website.

Table A.2 Chapter 1: Tools and resources

Organization	Link	Type of tool or resource	Description[a]
Center for American Progress	https://www.americanprogress.org/issues/poverty/reports/2015/03/23/109460/expanding-opportunities-in-americas-urban-areas/	Article on expanding opportunities in America's urban areas	This article frames the conversation on expanding opportunities in urban areas, and presents five policy strategies that outline specific ways to address some of the challenges facing urban areas. It also includes a subsection of related resources for each of the five policy strategies.
John Hancock Insurance Company	https://www.johnhancockinsurance.com/life-expectancy-calculator.html	Life expectancy calculator	This tool allows users to predict the number of years they can expect to live based on information they input for certain health and behavioral parameters. This tool was developed by an insurance company, and it is primarily intended for individuals who are interested in learning about how life insurance can help them plan for today and the future.
National Safety Council (NSC), Shatterproof, and NORC at the University of Chicago	https://www.nsc.org/forms/substance-use-employer-calculator	Substance use cost calculator	This tool provides business leaders with specific information about the cost of substance use (including prescription drug use and misuse, alcohol use and misuse, opioid and heroin addiction, and use of other illicit drugs and marijuana) in their workplace based on the size of their employee base, industry, and state.
The Kresge Foundation	https://kresge.org/resources and https://kresge.org/resource/lessons-from-the-healthy-futures-fund	Website with information about expanding opportunities in America's cities	Developed by The Kresge Foundation, The Opportunity Fund is a portfolio of investments that promotes fairness and equity, justice, and opportunity through efforts to protect and strengthen democratic institutions, advance civil rights, counteract hate and racism, support immigrant and refugee communities, and provide legal supports to underserved communities.

[a] Descriptions are used in full or adapted from content in the respective tool or resource or from content on the respective organization's website.

Table A.3 Chapter 2: Tools and resources

Organization	Link	Type of tool or resource	Description[a]
Aspen Institute	https://www.aspeninstitute.org/programs/economic-opportunities-program/	Website on The Aspen Institute's Economic Opportunities Program	This website provides information and resources about the Economic Opportunities Program (EOP), which advances strategies, policies, and ideas to help low- and moderate-income people thrive in a changing economy. This program recognizes that race, gender, and place intersect with and intensify the challenge of economic inequality, and it addresses these dynamics by advancing an inclusive vision of economic justice.
Child Welfare Information Gateway	https://www.childwelfare.gov/topics/systemwide/youth/development/promoting/	Collection of resources for promoting positive youth development	This collection or resources focuses on positive youth development. It includes a video on how caring adults promote positive youth development, a curriculum for youth work professionals, and a youth leadership toolkit. This set of resources is intended to help state and local organizations develop and sustain positive youth development programs in their communities.
Opportunity Nation	https://opportunitynation.org/	Interactive economic mobility mapping tool	The Opportunity Index is an interactive tool designed to measure opportunity by connecting multiple economic, educational, and civic factors. It allows users to learn about the economic mobility of their county and state, as well as national trends. The tool was developed by Opportunity Nation, a bipartisan, cross-sector, national campaign to expand economic mobility and restore the American dream.
U.S. Census Bureau, Harvard University, and Brown University	https://opportunityatlas.org/	Economic mobility mapping tool	The Opportunity Atlas allows users to trace the roots of today's affluence and poverty back to the neighborhoods where people grew up based on anonymous data following approximately 20 million Americans from childhood to their mid-30s. This tool enables users to see which neighborhoods in America offer children the best chance to rise out of poverty and to see where and for whom opportunity has been missing. It is intended to inform the development of local solutions to help more children rise out of poverty.

[a] Descriptions are used in full or adapted from content in the respective tool or resource or from content on the respective organization's website.

Table A.4 Chapter 3: Tools and resources

Organization	Link	Type of tool or resource	Description[a]
American Public Transportation Association	http://www.publictransportation.org/tools-calculators/	Tools and resources for public transportation	This collection of tools and resources includes a Public Transit in Your Community Tool that allows users to search local transit systems across the country, a Fuel Savings Calculator that helps users discover the cost saving benefits of taking public transportation, a Carbon Savings Calculator that calculates the carbon dioxide emissions saved by switching to public transportation, and a Transit Savings Report that shows annual and monthly savings incurred by switching from a car to public transit.
Centers for Medicare & Medicaid Services	https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Provider-Charge-Data/OpioidMap_Medicaid_State	Medicaid state opioid prescribing mapping tool	The Medicaid opioid prescribing mapping tool is an interactive tool that shows state-level geographic comparisons of de-identified Medicaid opioid prescriptions filled in the United States. The mapping tool presents Medicaid opioid prescribing rates for 2017, as well as the change in opioid prescribing rates from 2013 to 2017. The mapping tool allows users to see the number and percentage of opioid prescriptions in order to better understand how this critical issue impacts states nationwide.
Conscious Capitalism	https://www.consciouscapitalism.org/learn-what-we-do	Brief resource about conscious capitalism	This resource defines conscious capitalism and its four tenets, and it explains why there is a need for capitalism to be conscious.
Fisher Investments	https://www.fisher401k.com/plan-options/profit-sharing-plan	Brief overview of 401k profit sharing plans	This webpage offers a brief explanation of 401k profit sharing plans, distinguishes between the different types of plans, and lists benefits of such plans.
Ohio Housing Finance Agency/ Ohio Preservation Compact	http://gis5.oit.ohio.gov/housing/	Affordable housing mapping tool	This affordable housing mapping tool includes information about the demographic characteristics, amenities, and health-related factors in Ohio's neighborhoods. The tool is intended to inform affordable housing policies. It maps only counties, ZIP codes, and cities in Ohio.
Teachers Credit Union	https://www.tcunet.com/Plan/Calculators/Planning-Calculators/401k-Profit-Sharing-Calculator	401k profit sharing calculator	This 401k profit sharing calculator allows users to enter information on a several personal finance-related parameters and helps users figure out how much of their salary they might want to set aside for retirement, how fast that money is likely to grow at certain rates of return, and the benefits provided by employer contributions.

Organization	Link	Type of tool or resource	Description[a]
U.S. Department of Housing and Urban Development (HUD)	https://egis.hud.gov/affht/	Affordable housing assessment tool	This affordable housing assessment tool provides users with maps of affordable housing in a specific locality and maps showing how such housing differs by demographic characteristics, job proximity, school proficiency, disability, and other variables. HUD created this tool for Public Housing Agencies to use in conducting and submitting an Assessment of Fair Housing.
U.S. Department of Labor	https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/profit-sharing-plans-for-small-businesses.pdf	Booklet on profit sharing plans for small businesses	This booklet highlights some of the advantages of profit sharing plans and some of the options and responsibilities that employers operating such a plan have. The booklet also includes a profit sharing plan checklist and a list of other potentially useful resources.

[a] Descriptions are used in full or adapted from content in the respective tool or resource or from content on the respective organization's website.

Table A.5 Chapter 4: Tools and resources

Organization	Link	Type of tool or resource	Description[a]
Bank of America	https://about.bankofamerica.com/en-us/partnering-locally/cdfi-list.html#fbid=7icjo-DigzF	Community development financial institution (CDFI) locator tool	This search tool can be used to find a CDFI in a certain area or to learn more about how Bank of America is investing in local economies. Users can filter results by loan amount and location.
Columbia University's Teachers College	https://www.tc.columbia.edu/articles/2019/august/getting-low-income-families-to-higher-opportunity-neighborhoods/	Article on housing choice vouchers (Section 8)	This article summarizes empirical research showing unprecedented gains from an intervention that reduces common barriers to using housing choice vouchers and helps move low-income families to "higher-opportunity" neighborhoods.
Congressional Research Service	https://fas.org/sgp/crs/misc/RS22389.pdf	Research report on the Low-Income Housing Tax Credit (LIHTC) program	This report provides an overview of the LIHTC program, including the types of credits, the allocation process, and recent legislative developments. It also offers an example to help readers help understand how the LIHTC program is intended to encourage affordable housing development.
Local Initiatives Support Corporation (LISC)	https://www.lisc.org/our-initiatives/financial-stability/bridge-programs/	Information about LISC's Bridges to Career Opportunities program	This website delivers a brief overview of LISC's Bridges to Career Opportunities program and discusses how Citi Foundation has invested in this program.
National Association of Counties	https://www.naco.org/resources/featured/affordable-housing-toolkit-counties	Affordable housing toolkit for counties	This affordable housing toolkit is designed for counties, and it covers such topics as inter-jurisdictional partnerships, funding and financing, planning and zoning, and advocacy resources. It also contains an appendix with information on measuring housing affordability and additional resources on affordable housing development.
National Multifamily Housing Council	https://housingtoolkit.nmhc.org/	Affordable housing toolkit	This affordable housing toolkit is designed to help policymakers understand the dynamics of the housing market, what drives housing costs up, how state and local policies impact affordability, and what solutions might work in their specific jurisdiction. It is also intended to be used to educate all stakeholders—policymakers, community advocates, urban planners, business groups and more—and to provide apartment firms with the information they need to help advocate effective local housing policies.

Organization	Link	Type of tool or resource	Description*
New Markets Tax Credit Program	https://www.cdfifund.gov/Pages/mapping-system.aspx	Community development financial institution (CDFI) information mapping system tool	This mapping tool—CDFI Information Mapping System v.3 (CIMS3)—helps users geocode addresses, map census tracts and counties, and determine the eligibility of census tracts and counties under the CDFI Fund's various program distress criteria. Users of CIMS3 can create and save maps and reports, including Target Market worksheets, and submit saved maps and reports for online applications and other uses. CIMS3 is available in two versions: a limited public-use version and a full version accessed through an organization's Awards Management Information System account.
Novogradac	https://www.novoco.com/resource-centers/affordable-housing-tax-credits/data-tools/lihtc-mapping-tool	Low-Income Housing Tax Credit (LIHTC) mapping tool	This LIHTC mapping tool helps users find LIHTCs in their area. The tool includes project address, number of units and low-income units, number of bedrooms, year the credit was allocated, year the project was placed in service, whether the project was new construction or rehab, type of credit provided, and other sources of project financing. The information is based on the U.S. Department of Housing and Urban Development's LIHTC Database, which was last revised as of May 2019. The LIHTC database, created by HUD and available to the public since 1997, contains information on 47,511 properties and almost 3.13 million housing units placed in service between 1987 and 2017.
Novogradac	https://www.novoco.com/resource-centers/new-markets-tax-credits/data-tools/nmtc-mapping-tool	New Markets Tax Credit mapping tool	This mapping tool shows a location's eligibility for a New Market Tax Credit, as well as the percentage of residents living in poverty, the population, median family income, and other information.
Opportunity Finance Network	https://ofn.org/cdfi-locator	Community development financial institution (CDFI) locator tool	This CDFI locator tool allows users to find an Opportunity Finance Network Member CDFI in their state. The tool allows users to filter CDFIs by organization, areas served, organization type, and lending type.
The Brookings Institution	https://www.brookings.edu/policy2020/bigideas/to-improve-housing-affordability-we-need-better-alignment-of-zoning-taxes-and-subsidies/	Policy brief on housing policies	This report discusses the importance of better aligning three types of housing policies and addresses challenges related to implementation. The policies are reforming land use regulation to allow smaller, more compact housing; increasing taxes on expensive, underused land; and expanding housing subsidies to low-income households.

Organization	Link	Type of tool or resource	Description[a]
U.S. Department of Health and Human Services	https://www.acf.hhs.gov/sites/default/files/fysb/youth_homelessness.pdf	Federal report to Congress about on ending youth homelessness	This report to Congress summarizes the problem of youth homelessness, offers some theoretical perspectives on homelessness, identifies interventions to prevent and ameliorate homelessness, and discusses implications for policy and program development.
U.S. Department of the Treasury	https://www.cdfifund.gov/Pages/default.aspx	Website with a brief overview of the CDFI Fund	This website gives a brief overview of the U.S. Department of Treasury's CDFI Fund. It discusses what the CDFI Fund does, its program areas, and the impact it makes. The website also includes a few CDFI Fund-related resources and tools, such as compliance and performance reporting resources and a CDFI Information Mapping System (CIMS).
Urban Institute	https://www.urban.org/sites/default/files/publication/98758/lithc_how_it_works_and_who_it_serves_final_2.pdf	Research report on the Low-Income Housing Tax Credit (LIHTC) program	This report outlines the basics of the LIHTC program, including how it works, the various partners involved, how financing is structured, how investors benefit from the program, and who lives in the LIHTC properties. The report also highlights successes of the program and examines the challenges it faces.

[a] Descriptions are used in full or adapted from content in the respective tool or resource or from content on the respective organization's website.

Table A.6 Chapter 5: Tools and resources

Organization	Link	Type of tool or resource	Description*
American Cancer Society	https://www.fightcancer.org/policy-resources/smoke-free-policies-good-business	Brief about the benefits of smokefree policies for businesses	This brief discusses several ways in which smokefree policies are good for businesses. Some of the points discussed are based on empirical research.
American Cancer Society	https://www.cancer.org/healthy/stay-away-from-tobacco/smoke-free-communities/create-smoke-free-workplace/smoking-in-the-workplace-a-model-policy.html	Website on smoke-free policies	This website offers a brief overview of the benefits of smokefree policies for both employees and employers. It also includes a model smokefree policy.
American Institute of Certified Public Accountants (AICPA) National Commission on Diversity and Inclusion	https://www.aicpa.org/career/diversityinitiatives/downloadabledocuments/recruitment-retention-toolkit.pdf	Recruitment and retention toolkit	This toolkit was written to help leaders understand how recruiting and retaining a diverse workforce can help them better achieve their companies' overall talent recruitment and retention goals. It is also meant to provide support on how to integrate diversity recruiting and retention techniques into broader day-to-day business and personal activities. This toolkit is aimed at human resource leaders, practice leaders, and others charged with attracting, recruiting, and retaining a diverse workforce in their organization.
American Nonsmokers' Rights Foundation	https://no-smoke.org/wp-content/uploads/pdf/business-costs-in-smoke-filled-environments.pdf	Resource on business costs in smoke-filled environments	This resource from the American Nonsmokers' Rights Foundation highlights the costs of doing business in smoke-filled environments. It discusses the effects that smoke-filled workplaces have on profitability, absenteeism and productivity, maintenance, and insurance rates.
Annie E. Casey Foundation	https://www.aecf.org/m/resourcedoc/AECF-ReentryAndBarrierstoEmp-2016.pdf	Report on reentry and barriers to employment for previously incarcerated persons	This report summarizes some of the lessons the Annie E. Casey Foundation learned from its reentry and employment efforts, with insights from dozens of reports and resources on incarceration and reentry, as well as interviews with Casey staff members who worked directly on these investments. It is intended to help inform practitioners, funders, and policymakers who are pursuing strategies that connect formerly incarcerated individuals with employment.
Associated Black Charities	http://www.abc-md.org/new-page	Website on equitable hiring practices	This resource presents questions whose consideration are intended to help everyone in Baltimore's regional economy start from the same place in their quests to earn a livable wage, raise a stable family, and build wealth for future generations.

Organization	Link	Type of tool or resource	Description[a]
Build Health Places Network	https://www.buildhealthyplaces.org/partners/	Partner finder tool	Partner Finder is a collection of 13 directories intended to help users find community development and health organizations/partners near to them.
Centers for Disease Control and Prevention (CDC)	https://www.cdc.gov/partners/index.html	Collection of tools and resources for public-private partnerships	This CDC website on public–private partnerships is intended to educate users about how they can participate in protecting the health of their organization, their workforce, and the nation. It includes information on partnering with CDC and a collection of tools and resources on public–private partnerships.
Centers for Disease Control and Prevention (CDC)	https://www.cdc.gov/tobacco/data_statistics/fact_sheets/index.htm#by-topic	Collection of smoking-related fact sheets	This collection of fast facts and fact sheets from CDC includes information on cessation, secondhand smoke, smokeless tobacco, the health effects of cigarette smoke, and tobacco marketing, among others. This site is part of CDC's larger website on smoking and tobacco, which includes a link to the Office on Smoking and Health and a collection of multimedia resources and tools.
City of Minneapolis (Minnesota)	http://www.minneapolismn.gov/www/groups/public/@cped/documents/webcontent/wcmsp-179539.pdf	Guide to inclusive hiring	This guide to inclusive hiring answers such questions as why prioritize inclusive hiring, where can I get assistance, what are the recent trends in recruitment, and how do I know where to start? The guide includes content on framing the business case for inclusion, 10 inclusive hiring principles and practices, and a tool for readers to evaluate their recruiting process.
County of Marin (California) Department of Human Resources	https://www.marincountyhr.org/find-employee-tools/diversitytkmain	Diversity hiring toolkit	This diversity hiring toolkit is intended to provide users with information, tools, and resources to recruit—in partnership with human resources—for employment vacancies, with a focus on building a high-quality and diverse applicant pool and a more inclusive hiring process. It walks users through four steps of the hiring process and includes a collection of additional resources.
de Beaumont	https://www.debeaumont.org/news/2019/new-practical-playbook-provides-roadmap-to-improve-population-health/	Website for book on building multisector partnerships that work	This website allows interested readers to purchase *The Practical Playbook II: Building Multisector Partnerships That Work*, which provides a concise set of tools, methods, and examples to support partnerships to improve population health. The playbook is written in practical terms for readers from any background or sector, and it draws from successful partnerships in public health, healthcare, housing, transportation, business, and the faith community—providing practical tips from conception to execution to policy change.

Organization	Link	Type of tool or resource	Description*
Democracy Collaborative	https://democracycollaborative.org/sites/default/files/downloads/Anchor%2520Collaboratives%2520Report%2520-%2520FINAL-updated.pdf	Report on collaboration with anchor institutions	This report presents information and examples to show the current state of the field of anchor institutions. It discusses anchor collaboratives and their importance, how anchor institutions can be drivers for community development, the regular players in anchor collaboratives, among other topics.
Fidelity Charitable	https://www.fidelitycharitable.org/guidance/philanthropy/impact-investing.html	Website with overview of impact investing	This website provides a quick overview of impact investing, and discusses the types and benefits of impact investing and how to participate in impact investing.
Global Impact Investing Network	https://thegiin.org/impact-investing/need-to-know/	Website with overview of impact investing	This website gives an overview of impact investing. It discusses the core characteristics of impact investing, who makes impact investments, the results that these investments can achieve, and more. A version of this primer, answering many of the most frequently asked questions about impact investing, is available for download.
National Association of Counties	https://www.naco.org/resources/featured/affordable-housing-toolkit-counties	Affordable housing toolkit for counties	This toolkit on affordable housing is designed for counties, and it covers such topics as interjurisdictional partnerships, funding and financing, planning and zoning, and advocacy resources. It also contains an appendix with information about measuring housing affordability and with additional resources on affordable housing development.
National Multifamily Housing Council	https://housingtoolkit.nmhc.org/	Affordable housing toolkit	This toolkit on affordable housing is designed to help policymakers understand the dynamics of the housing market, what drives housing costs up, how state and local policies impact affordability, and what solutions might work in their specific jurisdiction. It is also intended to educate all stakeholders—policymakers, community advocates, urban planners, business groups, and more—and to provide apartment firms with the information they need to help advocate effective local housing policies.

Organization	Link	Type of tool or resource	Description[a]
Netter Center for Community Partnerships at The University of Pennsylvania	https://www.nettercenter.upenn.edu/sites/default/files/Anchor_Toolkit6_09.pdf	Anchor institutions toolkit	This toolkit is intended as a guide for anchor institutions to rebuild, revitalize, strengthen, and improve their local communities. Each of the tools in this kit was developed and implemented by the University of Pennsylvania, working with stakeholders of West Philadelphia—the university's local geographic community—including neighborhood associations, city officials and city agencies, local businesses, nonprofit organizations, and institutions of higher education, as appropriate. This toolkit is designed to help anchor institutions formulate the right questions and seek effective answers that will lead to collaborative actions that benefit both institutions and communities.
Public-Private-Partnership Legal Resource Center, World Bank Group	https://ppp.worldbank.org/public-private-partnership/overview/practical-tools	Repository of tools and resources for public–private partnerships	This website offers practical guidance for structuring a public-private partnership project and developing bidding documents, from hiring advisors to toolkits and checklists and procurement processes. It also includes links to several tools and resources. The tools and resources are mostly targeted toward infrastructure, so they may be most useful for private entities interested in the social determinants of health rather than health outcomes directly.
Raikes Foundation	https://raikesfoundation.org/impact-driven-philanthropy	Collection of resources on impact philanthropy	This website gives an overview of impact-driven philanthropy and the Raikes Foundation approach to it. The website also provides resources for recommended readings and some illustrative grants.
Social Entrepreneurship Support Network of the Baltic Sea Region	http://www.socialenterprisebsr.net/2016/04/5-toolkits-for-social-enterprise/	Collection of social enterprise toolkits	Produced by the Social Entrepreneurship Support Network of the Baltic Sea Region and co-financed by the European Union, these five social enterprise toolkits for social enterprise are intended to help users with feasibility studies, market assessment, financial forecasting, intellectual property rights, and payroll management for a social enterprise. Some of these toolkits include templates and downloadable Excel files to help users execute their ideas.
Teachers College, Columbia University	https://www.tc.columbia.edu/articles/2019/august/getting-low-income-families-to-higher-opportunity-neighborhoods/	Article on housing choice vouchers (Section 8)	This article summarizes empirical research showing unprecedented gains from an intervention that reduces common barriers to using housing choice vouchers and helps move low-income families to "higher-opportunity" neighborhoods.

Organization	Link	Type of tool or resource	Description[a]
The Case Foundation	https://casefoundation.org/wp-content/uploads/2014/09/Short-Guide-Oct2015-Digital-FINAL.pdf	Guide to impact investing	This guide is a basic primer to help individuals better understand how business can drive social change and create social impact. It is designed to help high net worth individuals, family offices, and others to know some of the questions, if not the answers, to determine what's right for them and what to do next to move toward meaningful, measurable impact. The guide includes a flexible framework and a simple taxonomy to help people understand impact investing.
The Democracy Collaborative	https://hospitaltoolkits.org/workforce/	Inclusive local hiring toolkit	This inclusive local hiring toolkit is designed to help health systems establish a local and inclusive hiring strategy that allows them to invest in an ecosystem of success that lifts up local residents; helps create career pathways for low-income, minority, and hard-to-employ populations; and begins to transform neighborhoods. This toolkit includes case studies, strategies, and information on return on investment.
The Democracy Collaborative	https://hospitaltoolkits.org/investment/	Place-based investing toolkit	This place-based investing toolkit outlines a range of strategies for how health systems are using their investment assets to help address the resource gaps that keep communities from achieving better health and well-being. The toolkit includes case studies, information to help users implement projects that may have big impacts, and resources on measuring performance and impact.

[a] Descriptions are used in full or adapted from content in the respective tool or resource or from content on the respective organization's website.

Table A.7 Chapter 6: Tools and resources

Organization	Link	Type of tool or resource	Description[a]
Centers for Disease Control and Prevention	https://www.cdc.gov/workplacehealthpromotion/index.html	Tools on workplace health promotion, including the Worksite Health Scorecard to assess effectiveness of health promotion interventions, and the Workplace Health Resource Center's compilation of tools from public, private, and nonprofit groups.	This website teaches visitors about workplace health promotion and how to design, implement, and evaluate effective workplace health programs. It includes a description of the workplace health model, a resource center, information on the Work@Health training program, and the Worksite Health Scorecard.
Centers for Disease Control and Prevention	https://www.cdc.gov/physicalactivity/walking/call-to-action/pdf/employers.pdf	Walkability resource for employers	Fact sheet from the U.S. Surgeon General offers guidance on how businesses can educate and promote worksite programs and policies that support walking and walkability.
Centers for Disease Control and Prevention and Office of the Surgeon General	https://phgkb.cdc.gov/FHH/html/index.html	Family health history collection tool	With this health history collection tool, users can enter their family health history to learn about their risk for health conditions that may run in their families. Users can print their family health history to share it with family members and healthcare providers. Family health histories can be saved so that they can be updated over time.
Employer Assistance and Resource Network on Disability Inclusion	https://askearn.org/mentalhealth/	Mental health toolkit	This toolkit delivers background information, tools, and resources that can help employers learn more about mental health issues and cultivate a welcoming and supportive work environment for employees who may be facing mental health issues. It also presents a framework for fostering a mental health-friendly workplace, all built around the "4 A's": Awareness, Accommodations, Assistance, and Access.
Health Enhancement Research Organization	https://hero-health.org/hero-scorecard/	Workplace health and well-being tool	This free, web-based tool is designed to help employers, providers, and other stakeholders identify and learn about best practices related to workplace health and well-being. The scorecard has been subjected to validation studies aligning higher scores with better health risk trends, medical cost trends, and stock performance, and a new study links specific practices to higher participation rates, health impact, cost impact, and employee perceptions of organizational support.

Organization	Link	Type of tool or resource	Description[a]
Intel	https://www.intel.com/content/www/us/en/big-data/building-a-data-driven-business.html	Article on building a data-driven business	This articles gives a brief overview of how to build a data-driven business and is part of a series titled, "From Data to Action." It discusses the importance of using data to drive decisionmaking and provides some examples from Chevron and Booz-Allen Hamilton.
National Alliance on Mental Illness-New York City Metro and others	http://workplacementalhealth.org/getattachment/Making-The-Business-Case/Link-2-Title/working-well-toolkit.pdf?lang=en-US	Toolkit for leading a mentally healthy business	This toolkit provides human resource professionals and business leaders with practical information and strategies, assessment tools, mental health programs, and case studies to educate employers about current best practices to create supportive workplace environments. The goal of the toolkit is to build a strong team of working professionals who are cognizant of available support services for mental health and well-being. The toolkit is not an exhaustive list of strategies. Instead, it serves as a starting place for the journey toward eradicating mental health stigma in the workplace.
Penn Medicine	https://www.pennmedicine.org/updates/health-risk-assessment-tools	Set of health risk assessment tools	This set of risk assessments helps users compare their risks to the average person's risks based on age and ethnicity. These tools can also be used to help users identify any risk factors they may have for a number of health conditions. Assessments cover risks for breast cancer, diabetes, and joint health, among others.
Utah Department of Health, Bureau of Health Promotion	http://choosehealth.utah.gov/documents/pdfs/ACA_Booklet.pdf	Guide on worksite wellness policy ideas and resources	This guide describes the importance of workplace wellness and offers policy ideas and examples of workplace wellness policies, tools and resources, and policy templates.
World Health Organization	https://www.who.int/mental_health/in_the_workplace/en/	Information sheet on mental health in the workplace	This information sheet delivers a quick overview of the importance of addressing mental health in the workplace, discusses work-related risk factors for poor health, offers tips for creating a mentally healthy workplace, and includes links to other helpful resources.

[a] Descriptions are used in full or adapted from content in the respective tool or resource or from content on the respective organization's website.

Table A.8 Chapter 7: Tools and resources

Organization	Link	Type of tool or resource	Description[a]
Arizona State University	https://www.azfoundation.org/Portals/0/Uploads/Documents/Centers/Pakis_Report.pdf	Report on the business case for corporate philanthropy	This study, the first of a two part study examining the business case for corporate philanthropy, identifies findings in the literature relating to the motivations for corporate philanthropy, potential benefits for implementing firms, and examples of societal impacts.
Association for Project Management	https://www.apm.org.uk/resources/find-a-resource/stakeholder-engagement/key-principles/	Key principles of stakeholder engagement	This website serves as a gateway to a collection of resources—including case studies, patterns, tools, bibliography, presentations, and videos—on 10 principles of stakeholder engagement. Each principle has its own set of resources.
Business for Social Responsibility	https://www.bsr.org/en/our-insights/blog-view/a-guide-to-stakeholder-engagement-for-healthier-communities	Guide to stakeholder engagement for healthier communities	This brief guide includes information on stakeholder engagement and links to others tools and resources. The guide is intended to help companies manage the stakeholder engagement process more effectively and outlines three steps for companies to consider, including aligning on objectives and benefits, determining who and how to engage, and integrating learning from stakeholder engagement.
Business for Social Responsibility	https://www.bsr.org/reports/BSR_Future_of_Stakeholder_Engagement_Report.pdf	Report on the future of stakeholder engagement	This report presents a view of how companies can transform their stakeholder engagement approaches by moving from consultation of stakeholder groups toward more collaborative, inclusive, and strategic engagement. Case examples and references to relevant academic and business sources are also included.
Centers for Disease Control and Prevention	https://www.cdc.gov/globalhealth/healthprotection/fetp/training_modules/15/community-needs_pw_final_9252013.pdf	Workbook on community needs assessment	This workbook is designed to educate readers about conducting a community needs assessment.
Chartered Institute of Procurement & Supply (CIPS)	https://www.cips.org/Documents/Resources/Knowledge%20Summary/Using%20Local%20Suppliers.pdf	Resource on using local suppliers	This resource provides an overview of the benefits of using local suppliers. It also includes strategies for implementing the use of local suppliers and a practical example.

Organization	Link	Type of tool or resource	Description*
Community Planning Toolkit	https://www.communityplanningtoolkit.org/sites/default/files/Engagement.pdf	Community engagement resource and tool	This toolkit introduces readers to the concept of community engagement and educates them about a variety of issues related to improving community engagement. It also presents links to several other resources and tools.
Council on Foundations	https://www.cof.org/sites/default/files/documents/files/CorporateGuide.pdf	Guide to leading corporate philanthropy	This guide lays out an ambitious agenda to redefine the purpose and value of corporate foundations and giving programs so that they can meet the challenges of corporate citizenship. It seeks to engage the corporate philanthropy community in discussion so that it can continue to increase its impact as a significant contributor to society and enhance its value to the companies they represent.
Harvard Business School	https://www.isc.hbs.edu/creating-shared-value/csv-explained/pages/default.aspx	Website about creating shared value	This website gives a brief overview of creating shared value and describes some of its main concepts. It also provides links to resources that address how to create shared value and discuss new roles and relationships for government and nongovernmental organizations.
Institute for Local Self-Reliance	https://ilsr.org/wp-content/uploads/2018/07/ILSR_LocalPolicyGuideToolkit.pdf	Local policy action toolkit	This toolkit has several parts. The first section offers tips for independent business owners on how to engage with city officials and persuade them to adopt policies to strengthen and grow local businesses. The remainder of the toolkit consists of a two-part guide that can be shared with city officials. The first part of the guide gives an overview of why local, independent businesses matter to a city's well-being and vitality. The second part outlines nine policies that local governments can implement to support independent businesses.
International Finance Corporation	https://www.ifc.org/wps/wcm/connect/da7fbf72-e4d9-4334-955f-671a104877a7/201911-A-guide-for-employer-supported-childcare.pdf?MOD=AJPERES&CVID=mVHadh3	Guide for employer-sponsored childcare	This guide was developed to support employers' implementation of childcare solutions that benefit working parents and their children. For employers who are interested, or already engaged, in the delivery of workplace childcare solutions, this guide can serve as a tool to further expand their knowledge, advance their interest, and explore multiple options, and improve their current offerings or introduce new or expand already established family-friendly benefits. It provides practical guidance on how to select and implement an employer-supported childcare program that meets the needs of employees, business, and communities.

Organization	Link	Type of tool or resource	Description[a]
Massachusetts Institute of Technology	https://livingwage.mit.edu/	Living wage calculator	This living wage calculator can be used to estimate the cost of living in one's community or region based on typical expenses. It may help individuals, communities, and employers determine a local wage rate that allows residents to meet minimum standards of living.
Santa Rosa (California) Metro Chamber	https://www.santarosametrochamber.com/clientuploads/PDF/2019/ESCC.pdf	Resource on the importance of childcare for business	This brief resource explains why childcare matters to business and offers background on the current and future workforce and why investing in childcare matters. It also describes what the Santa Rosa Metro Chamber is doing to help businesses invest in or think about investing in childcare.
The ESOP Association	https://esopassociation.org/resources	Collection of resources on employee stock ownership plans (ESOPs)	These resources are designed to expand knowledge of employee ownership, boost the ownership culture, fine tune ESOP administration, and enhance ESOPs overall.
University of Wisconsin	https://sustain.wisconsin.edu/sustainability/corporate-social-responsibility/	Website on corporate social responsibility	This website presents a brief overview of corporate social responsibility. It also describes five reasons why corporate social responsibility is important: minimized risk; constant innovation; cost savings; investor and consumer loyalty; and happier, more productive employees.

[a] Descriptions are used in full or adapted from content in the respective tool or resource or from content on the respective organization's website.

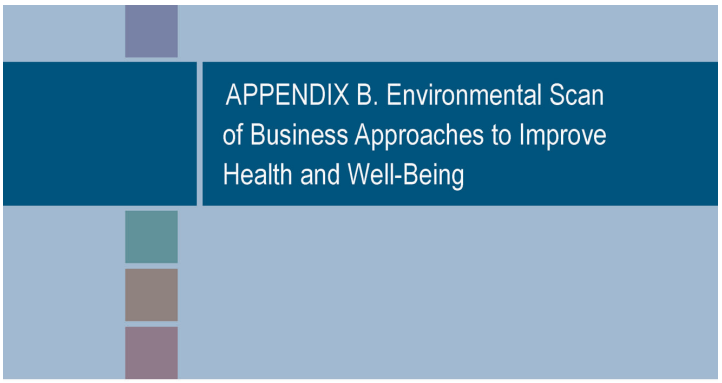

APPENDIX B. Environmental Scan
of Business Approaches to Improve
Health and Well-Being

Table B.1 Environmental scan of business approaches to improve health and well-being

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on...					
					People			Places		Equity
					Employee Benefits	Work Environment	Customer Well-Being	Focused Community Impact	Broader Community and System Impact	People/Places not Currently Thriving
Business for Social Responsibility https://www.bsr.org/en/	▪ A global nonprofit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable world ▪ Published *Healthy Business Metrics Guide* to help organizations select the guiding metrics for building evidence-based healthy business programs	▪ Defines a healthy business as "a management approach that seeks to create value and optimize performance by improving the health of consumers, employees, and communities" ▪ Healthy Business Coalition companies set a Healthy Business Strategy that identifies priority health issues on which to invest and design breakthrough programs and partnerships to pilot new solutions and scale through partnerships	Takes a broad perspective on health that includes: ▪ Access to care ▪ Near-term outcomes: Demonstrated changes in awareness of, and access to, positive health drivers, demonstrated changes in individuals' healthy behaviors and actions ▪ Long-term impacts: Measurable changes in population health and community conditions	An international nonprofit organization that provides consulting to the member organizations of its Healthy Business Coalition.	X	X	X	X		

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on... People: Employee Benefits	People: Work Environment	People: Customer Well-Being	Places: Focused Community Impact	Places: Broader Community and System Impact	Equity: People/Places not Currently Thriving
Business Group on Health https://www.businessgroup health.org/	A national member-based nonprofit organization that convenes a Well-being and Workforce Strategy Institute whose mission is to "deploy the healthiest, most productive, engaged and competitive workforce possible to boost business performance and empower great people and communities"	Objectives of the Well-being and Workforce Strategy Institute include: ■ Identify high-impact holistic well-being strategies ■ Promote strategic leave, flexibilities, and work-life solutions ■ Realize the value of cross-functional collaboration with teams, including real estate and facilities, safety, diversity and inclusion, corporate social responsibility, and learning and development to advance total well-being in all policies; and ■ Identify and share ways to infuse well-being throughout the organization and coach leaders to embrace a well-being culture and mindset	■ Recognizes five dimensions of well-being, including social connectedness, emotional health, physical health, financial security, and job satisfaction ■ Connects employee well-being to business performance metrics such as talent attraction, engagement and retention, customer satisfaction and loyalty, profitability, safety performance, and industry-specific measures	■ Business Group on Health is a national coalition of large employer organizations ■ Holds an annual national conference	X	X				

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on...					
					People			Places		Equity
					Employee Benefits	Work Environment	Customer Well-Being	Focused Community Impact	Broader Community and System Impact	People/Places not Currently Thriving
Global Reporting Initiative (GRI) https://www.globalreporting.org	Phase I of GRI's Culture of Health for Business Project, in collaboration with Robert Wood Johnson Foundation (RWJF), sets out "to understand the scientific and technical bases for attributing positive health and business outcomes to an array of business practices—internal programs, policies, benefits, community partnerships, initiatives and the like—that may or may not be primarily directed toward improvements in population health (i.e., Culture of Health Business Practices, or COHBPs). The project identifies suitable health measures for businesses and investors to use within those COHBPs and contextualizes these measures to promote understanding and use (i.e., the Culture of Health Business Principles). Surveys of corporate health disclosures and of health measures in existing [environmental, social and governance] reporting frameworks and research methodologies provide reference points for this work."	The GRI Standards are "a powerful tool for the private sector to accrue, track and report environmental, social and governance issues including health-related topics." Health determinants: ■ Individual behavior ■ Social environment ■ Biology and genetics ■ Health services ■ Physical environment COHBPs: ■ Strategy—health culture, responsible corporate political activity, and responsible marketing practices ■ Policy and benefits—health promotion and wellness; paid family and medical leave; health insurance; equality, diversity, and impartiality; and financial literacy ■ Workforce and operations—work time, job security, pay practices, occupational health and safety, and physical environment ■ Community—community environmental impacts; social capital and cohesion; and community involvement	The GRI standards outline recommended health outcomes, including: ■ Social well-being ■ Mental health and well-being ■ Birth outcomes ■ Cancer ■ Other chronic diseases ■ Health behaviors ■ Obesity ■ Cardiovascular ■ Mortality Business outcomes: ■ Economic societal costs ■ Financial performance ■ Brand management ■ Talent management ■ Productivity ■ Health and safety	■ An independent international organization that has pioneered sustainability reporting since 1997 ■ GRI and RWJF have extended their partnership for the follow-on project 'Promoting sustainability reporting to create a Culture of Health for Business' in the United States" that seeks to "further promote and increase the uptake of sustainability reporting among US-based organizations and through this, create a Culture of Health for business"	X	X	X	X		

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on...					
					People			Places		Equity
					Employee Benefits	Work Environment	Customer Well-Being	Focused Community Impact	Broader Community and System Impact	People/Places not Currently Thriving
Health Enhancement Research Organization (HERO) https://hero-health.org/	A nonprofit member-based organization that conducts research on workplace health-promotion practices, including environmental scans on the role of business in impacting social determinants of health, and cultures of health in organizations and communities.	Offers the HERO Health and Well-Being Best Practices Scorecard in Collaboration with Mercer to provide guidance on employee health and well-being best practices. The HERO Scorecard measures the following practices: ■ Strategic planning ■ Organizational and cultural support ■ Programs ■ Program integration ■ Participation strategies ■ Program measurement and evaluation	The HERO Scorecard measures the following outcomes: ■ Physical health (biometrics such as blood pressure, height, weight, etc., and existence of chronic conditions) ■ Mental/emotional health ■ Health behaviors ■ Health status HERO published the *Program Measurement and Evaluation Guide: Core Metrics for Employee Health Management* that lists well-being as a leading and lagging indicator for health risk and financial outcomes and references the Gallup-Sharecare Well-Being Index elements.	■ Strong focus on conducting and disseminating findings from research. ■ Offers the online HERO Scorecard as an open-source tool. ■ Convenes annual think tank gatherings of member organizations and holds an annual forum open to the public.	X	X		X		

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on...					
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National Alliance for Healthcare Benefit Coalitions (National Alliance) https://connect.nationalalliancehealth.org/home	A national nonprofit coalition of regional business groups Offers several types of membership: ■ Coalition membership ■ Affiliate vendor membership ■ The National Health Leadership Council (NHLC) membership The National Wellbeing Initiative is one of many National Alliance initiatives.	Identifies six core areas of leverage that employer organizations can use to create comprehensive and strategic approaches to supporting employee mental health and well-being Developed a Mental Health and Wellbeing Integration Maturity Model. Levers include: ■ Culture ■ Leadership ■ Operations ■ Connections ■ Places ■ Metrics	Recognizes several domains of well-being, including physical, mental, social, spiritual, and financial	■ The only nonprofit purchaser-led organization with a national and regional structure dedicated to driving health and healthcare value across the country ■ Holds an annual conference and leadership summits	X	X		X		

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on... People: Employee Benefits	People: Work Environment	People: Customer Well-Being	Places: Focused Community Impact	Places: Broader Community and System Impact	Equity: People/Places not Currently Thriving
National Institute for Occupational Safety and Health (NIOSH) https://www.cdc.gov/niosh/ The Centers for Disease Control and Prevention (CDC) https://www.cdc.gov	NIOSH Total Worker Health® (TWH) is defined as "policies, programs, and practices that integrate protection from work-related safety and health hazards with promotion of injury and illness prevention efforts to advance worker well-being." The CDC Worksite Health ScoreCard is an assessment tool "designed and validated to help employers assess the extent to which they have implemented science-based health promotion interventions or strategies at their worksites to improve the health and wellbeing of their employees."	The CDC Worksite Health ScoreCard measures: ■ Organizational supports ■ Occupational health and safety ■ Maternal health and lactation support ■ Support for healthy behaviors ■ Support for health conditions	According to the CDC, "there is no consensus around a single definition of well-being, but there is general agreement that at minimum, well-being includes the presence of positive emotions and moods (e.g., contentment, happiness), the absence of negative emotions (e.g., depression, anxiety), satisfaction with life, fulfillment and positive functioning."	■ Under the jurisdiction of the U.S. Department of Health and Human Services ■ The leading U.S. public health institution	X	X				
National Wellness Institute (NWI) https://www.nationalwellness.org/	Provides worksite wellness certification for wellness professionals, including a Multicultural Competency in Wellness certificate	NWI's Multicultural Competency in Wellness framework includes: ■ Personal & family support ■ Supporting underserved communities and minimizing healthcare disparities ■ Worksite wellness, including worksite diversity and inclusiveness initiatives and worklife balance components	■ Defines wellness as "an active process through which people become aware of, and make choices toward, a more successful existence" ■ Recognizes six dimensions of well-being, including physical, social, intellectual, emotional, occupational, and spiritual	■ Offers student, individual, and organizational memberships ■ Holds an annual National Wellness Conference	X	X				

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on...						
					People			Places			Equity
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Pathways to Population Health http://www.hi.org/p2ph	■ Supports businesses to equitably improve the health and well-being of their employees and their communities ■ Offers a framework and compass to self-assess and take action and a library of associated tools and resources	Offers four interconnected portfolios of population health improvement that are addressed with an equity lens: **People** ■ Improved mental and physical health ■ Improved social (work environment, financial security, social connection, social determinants, and spiritual (sense of purpose and meaning) well-being **Places** ■ Community health and well-being (focused cross-sector efforts to improve health and well-being) ■ Communities of solutions—addressing root causes of inequitable outcomes, growing leadership of those affected by inequities **Equity** ■ Strategies to take an equity lens overall and by portfolio ■ Key levers for action include shared stewardship, equity, payment, and data and measurement	Mental, physical, social (both social determinants and social connection) and spiritual (sense of purpose and meaning) Applies these to the well-being of people and places	■ Tested as applicable across sectors, has engaged 250+ healthcare organizations as businesses in the journey as well as a number of non-healthcare businesses ■ Useful for development of a strategic portfolio	X	X	X	X	X	X	

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on... People: Employee Benefits	People: Work Environment	People: Customer Well-Being	Places: Focused Community Impact	Places: Broader Community and System Impact	Equity: People/Places not Currently Thriving
Robert Wood Johnson Foundation https://www.rwjf.org	Works collaboratively to build a national Culture of Health where everyone has the opportunity to live a healthier life RWJF Action Framework focuses on how companies influence the health of employees, their families, and communities and how they can contribute to a Culture of Health	Outlines three pre-conditions to harness the power of the private sector: 1. Recognition of the diverse means by which business influences health, well-being, and health equity 2. New measures need to characterize the breadth of business-related health outcomes and represent the many positive correlations with important measures of business performance 3. A shift in investment is needed toward those business practices and policies that promote health to reflect both the hidden costs to business of poor population health and opportunities to create business value by treating health as a strategic priority	Includes people's physical, mental, and social health and the opportunities they have to create meaningful futures; considers basic needs like food, housing, education, employment, and income	Has supported many of the efforts of other organizations and initiatives represented in this table	X	X	X	X	X	X

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on...						
					People			Places			Equity
					Employee Benefits	Work Environment	Customer Well-Being	Focused Community Impact	Broader Community and System Impact	People/Places not Currently Thriving	
Shared Value Initiative https://www.sharedvalue.org/about-shared-value	Creating shared value, a concept currently associated with the work of Michael Porter and Mark Kramer and described as "corporate policies and practices that enhance the competitive advantage and profitability of the company while advancing social and economic conditions in the communities in which it sells and operates."	■ Reconceiving products and markets: Meeting societal needs through products and addressing unserved or underserved customers ■ Redefining productivity in the value chain: Changing practices in the value chain to drive productivity through better utilizing resources, employees, and business partners ■ Enabling local cluster development: Improving the available skills, supplier base, and supporting institutions in the communities where a company operates to boost productivity, innovation, and growth	Health and well-being are core to the creation of shared value: "When someone has strong health they are able to be educated, work, raise families, and be productive. When health is lacking, people become burdens to themselves, their families and societies. Good health is a precondition for sustainable development."	Focus on the broad value proposition hat organizations bring to communities and society							

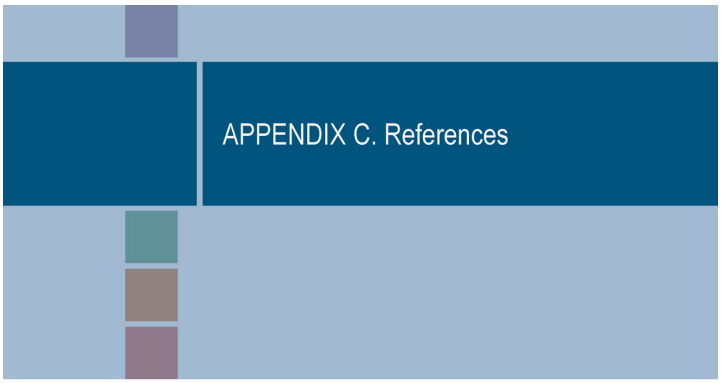
Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on...					
					People			Places		Equity
					Employee Benefits	Work Environment	Customer Well-Being	Focused Community Impact	Broader Community and System Impact	People/Places not Currently Thriving
Sustainability and Health Initiative for NetPositive Enterprise (SHINE) https://shine.sph.harvard.edu/	■ Combines academic research with powerful tools to guide corporate responsibility, sustainability, and health and well-being practices across the globe. ■ Mission is to conduct applied research to inspire positive change in business around the health and well-being of workers all over the world, no matter their occupation	Acknowledges well-being drivers that include: ■ Meaning and purpose ■ Learning and challenge ■ Autonomy and ability to make choices about how to live, work, and play (freedom from excessive demands and pressure, including financial worry) ■ Progress and recognition ■ Social connectedness ■ Trust ■ Respect ■ Fairness (including gender equality), safety and security ■ Physical and mental health	Created an instrument that measures several domains of well-being, including: ■ Mental and physical health ■ Meaning and purpose ■ Character ■ Close social relationships ■ Financial stability Recommends business metrics such as retention, absenteeism, productivity, and performance	■ Collaborates with large organizations to help them create comprehensive approaches that encourage corporate responsibility for worker well-being across the entire supply chain ■ Works with nonprofit organization to conduct research ■ Holds an annual summit	X	X	X	X	X	X

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on... People: Employee Benefits	People: Work Environment	People: Customer Well-Being	Places: Focused Community Impact	Places: Broader Community and System Impact	Equity: People/Places not Currently Thriving
Well Being In the Nation (WIN) Measurement Framework https://www.winmeasures.org	A multisector, nationally vetted measurement framework that supports businesses to measure a wide range of initiatives while identifying common outcome measures of well-being across initiatives.	■ Uses core measures, leading indicators, and learning measures that drive population health and well-being improvement across sectors ■ Recommends adoption of a balanced portfolio of outcome and process measures that captures the well-being of people, the well-being of places, and equity	■ Organized around the well-being of people and places (related to a community index with 12 domains and associated subdomains in housing, transportation, health, community vitality, economy, etc.) ■ Includes common measures of the well-being of people, places, and equity that are useful across sectors ■ Balances leading and lagging indicators ■ Offers measures of equity as its own category and in an integrated way	■ Advances people-reported outcome measures as core measures that have been tried in business and related to morbidity, mortality, cost, and worker productivity ■ Has adoption across thousands of organizations across sectors ■ Offers common methods for measuring the well-being of people, places, and equity	X	X	X	X	X	X

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on...						
					People			Places			Equity
					Employee Benefits	Work Environment	Customer Well-Being	Focused Community Impact	Broader Community and System Impact	People/Places not Currently Thriving	
Well Being In the Nation (WIN) Network https://www.winnetwork.org	■ Brings together 6 interconnected cooperatives with 150+ participating organizations, including strong business representation ■ Builds on the WIN measures to consider how legacies of trauma and exclusion can be shifted to legacies of inclusion; how the vital conditions everyone needs to succeed can be ensured through shared stewardship; and how the country might shift from an adversity economy to a well-being economy	■ Aligns with the WIN measures ■ Addresses seven vital conditions, or processes, of cross-sector institutions needed to participate, prosper, and reach their full potential (basic needs for health and safety; belonging and civic muscle, thriving natural world, humane housing; life-long learning, meaningful work and health, and reliable transportation ■ Recommends an approach to address policies and investments, stories and dialogue, and narrative change as it relates to the drivers of well-being and equity across sectors ■ Recommends a balanced portfolio of efforts and associated measures related to the well-being of people, places, and equity as well as to policy and investment and narrative change needed to achieve these	■ Uses the WIN measures as a basis, particularly Cantril's ladder ■ Recommends a balanced portfolio of measures related to the well-being of people, places, and equity as well as to policy and investment and narrative change needed to achieve these	■ Includes a WIN for Business cooperative made up of organizations speaking to hundreds of businesses ■ Designed as a development and implementation cooperative	X	X	X	X	X	X	X

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on... People: Employee Benefits	People: Work Environment	People: Customer Well-Being	Places: Focused Community Impact	Places: Broader Community and System Impact	Equity: People/Places not Currently Thriving
Wellness Councils of America (WELCOA) https://www.welcoa.org/	■ A member-based organization that offers The Well Workplace Checklist and administers its Well Workplace Awards designed to showcase organizations that are taking a high-impact and innovative approach to improving the health and well-being of their employees ■ Provides free employer resources and members-only certification courses to help develop wellness professionals ■ Holds an annual summit	The Well Workplace Checklist measures the following practices: ■ Committed and aligned leadership ■ Collaboration in support of wellness ■ Collecting meaningful data to evolve a wellness strategy ■ Crafting an operating plan ■ Choosing initiatives that support the whole employee ■ Supportive, health-promoting environments, policies, and practices ■ Conducting evaluation, communicating, celebrating, and iterating	The checklist and overall approach are grounded in a needs-based definition of wellness with the following domains: ■ Physical and mental health ■ Meaning ■ Safety ■ Connection ■ Achievement ■ Growth ■ Resiliency	■ Offers the online Well Workplace Checklist as an open-source tool ■ Approach focuses on training and tools to help wellness and human resources professionals, benefits consultants, and brokers increase engagement, contain costs, and improve the lives of employees	X	X				

Organization/ Framework/ Initiative	Approach/ Role for Business	Recommended Practices/ Process Measures	How Are Health and Well-Being and Other Outcomes Defined/Measured?	Key Distinguishing Features	Impact on...						
					People			Places		Equity	
					Employee Benefits	Work Environment	Customer Well-Being	Focused Community Impact	Broader Community and System Impact	People/Places not Currently Thriving	
World Health Organization https://www.who.int	Healthy Workplaces: A Model for Action from WHO represents "a comprehensive way of thinking and acting that addresses work-related physical and psychosocial risks; promotion and support of healthy behaviors; broader social and environmental determinants."	Defines a healthy workplace as "one in which workers and managers collaborate to use a continual improvement process to protect and promote the health, safety and wellbeing of all workers and the sustainability of the workplace by considering the following, based on identified needs, "including: ■ Health and safety concerns in the physical and psychosocial work environments ■ Personal health resources in the workplace ■ Ways of participating in the community to improve the health of workers, their families, and members of the community	Defines health as "the state of complete physical, mental, and social well-being, and not merely the absence of disease."	■ A specialized agency within the United Nations, which gives it global reach and positions it well to contribute to systems-level transformation ■ Works with a diverse group of global stakeholders including Ministries of Health, government agencies, and other government departments at the national level ■ Also works with influencers: health professionals, foundations, intergovernmental and nongovernmental organizations, civil society, media, professional associations, and WHO collaborating centers		X	X	X		


APPENDIX C. References

Message From Alex M. Azar II

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Addressing Social Determinants of Health in Primary Care

TEAM-BASED APPROACH FOR ADVANCING HEALTH EQUITY

"Health inequalities and the social determinants of health are not a footnote to the determinants of health. They are the main issue."

– Sir Michael Marmot

The EveryONE Project™

Advancing health equity in every community



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INTRODUCTION

The American Academy of Family Physicians (AAFP) define social determinants of health (SDOH) as the conditions under which people are born, grow, live, work, and age.[1] SDOH factors include socioeconomic status; racism and discrimination; poverty and income inequality; and the lack of community resources, among others.[2] They account for as much as 55% of health outcomes.[3] A substantial proportion of health care to America's underserved populations is provided by family physicians, who see the impact of SDOH every day. Family physicians and their health care teams are critical in addressing their patients' SDOH because primary care is a natural point of integration among clinical care, public health, behavioral health, and community-based services.[4,5] You can incorporate information about patient's SDOH into the bio-psychosocial model to promote continuous healing relationships and comprehensive, whole-person care.

This implementation guide provides information and resources for family physicians and their practice teams to address their patients' SDOH and how to better advance health equity. Designed in two sections, the first section addresses how family physicians and their health care teams can develop a practice culture that values health equity. The second section provides resources to develop a planned, team-based approach to address SDOH. Work through this guide with your health care team to identify opportunities to improve how you and your team address patients' SDOH.

Definitions of Key Terms

Social determinants of health (SDOH): SDOH include the conditions under which people are born, grow, live, work, and age.[1] For the purposes of this implementation guide, the term refers to patients' individual level and immediate social needs.

Health equity: Health equity is the "attainment of the highest level of health for all people. Achieving health equity requires valuing everyone equally with focused and ongoing societal efforts to address avoidable inequalities, historical and contemporary injustices, and the elimination of health and health care disparities."[7] For the purposes of this implementation guide, the term refers to differences in health status between different population groups that are avoidable, unjust, and unfair.

Community-based resources: Community-based resources refer to organizations that provide programs and services that assist individuals with their social and economic needs. For the purposes of this implementation guide, the term is broad in scope and entails organizations that provide financial assistance, supplementary food assistance, and job placement and training, among a variety of other services.

Team-based Primary Care

Addressing social determinants of health (SDOH) requires a team-based approach. The instructions and suggestions outlined in this implementation guide are intended to be conducted by all the health care team members in your practice based on their role. Recognition of the unique skills of the members of your health care team is key to providing comprehensive care and identifying how all team members can contribute to addressing SDOH in your practice.[6]

SECTION 1: DEVELOP A PRACTICE CULTURE THAT VALUES HEALTH EQUITY

Practices with a culture that values health equity strive to understand their patients' lives and context. These practices look for ways to help their patients overcome hurdles to their health and health care. While there are a variety of ways to establish and enrich a culture of health equity in your practice, key strategies include:

- **Understanding your patient's community.** What barriers do your patients face to living a healthy life? What resources do your patients have access to in their community? Demographic, environmental, and public health data can illuminate issues that your patients may not even know they face.
- **Learning about how social factors influence health.** Social factors influence health through a complex web of causation. Understanding the different mechanisms can help improve patient care.
- **Confronting implicit bias in your practice.** Everyone holds implicit biases. Work with your health care team to uncover these biases and identify opportunities to address them to improve patient care.
- **Empowering the whole health care team.** Addressing SDOH is complex. All members of the health care team have unique skills that can help to better address the social barriers to health that your patients face.
- **Developing processes that promote health literacy.** Improve how you present information to your patients so that they understand and can follow your instructions.

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Each of these strategies is described in greater detail in this guide, with additional resources provided in the AAFP's SDOH Toolkit (www.aafp.org/EveryONE).



Understand Your Patient's Community

You have probably heard catch phrases like, "your zip code matters more than your genetic code," or "place matters." The reason for this is that poor health outcomes tend to cluster in disadvantaged neighborhoods. Some factors in disadvantaged neighborhoods, like living conditions, may be apparent to patients from these neighborhoods. Other factors, such as environmental hazards or discriminatory policies may go unnoticed by your patients. In these cases, patients will not be able to tell you or your practice team about these issues. There are a variety of databases and community efforts that can help fill this gap, including:

- **County Health Rankings & Roadmaps:** The annual county health rankings measure vital health factors, including high school graduation rates, obesity, smoking, unemployment, access to healthy foods, quality of air and water, income inequality, and teen births in nearly every county in the U.S. The annual rankings reveal a snapshot of how health is influenced by where we live, learn, work, and play. They provide a starting point of change in communities.[8] (www.countyhealthrankings.org)
- **HealthLandscape:** HealthLandscape is an interactive, web-based mapping tool that allows you and your practice team to combine, analyze, and display information in ways that promote better understanding of health and the forces that affect it. (www.healthlandscape.org)
- **Local Health Department's Community Health Assessment:** City and county health departments are charged with developing health data profiles to help residents understand health concerns and drivers in their community. While community health assessments vary by how comprehensive they are, an ideal assessment includes information on morbidity and mortality, risk factors, quality of life, community assets, and health inequities. Community health assessments are usually paired with a community health improvement plan, which lays out a collaborative, community-wide approach for advancing health priorities in the jurisdiction.[9] Find your local health department's webpage at the National Association of County and City Health Officials' (NACCHO) directory. (www.naccho.org/membership/meet-our-members/lhd-directory)
- **Nonprofit Hospital's Community Health Needs Assessment:** Similar to the community health assessments conducted by local health departments, community health needs assessments provide information on a variety of community health-related data. Community health needs assessments are conducted by hospitals as a requirement for non-profit status. As such, they are often linked with the priorities for their community benefit program.[10]

Understand New Social Determinants of Health Impact Health Outcomes (Quickfacts)

- Numerous studies suggest that SDOH account for between 30-55% of health outcomes.[3] Other research points to specific SDOH factors attributed to deaths, including low neighborhood socioeconomic status (18-25%), poverty (2-6%), and income inequality (9-25%).[11]
- There are vast differences in the health status of individuals based on socioeconomic status, income, race, ethnicity, educational status, and geographic location, among a variety of other factors.[12-14]
- There is up to a 20-year gap in life expectancy between the counties with the lowest and highest life expectancy in the U.S.[14]
- Health risk factors, such as poor diet, inadequate exercise, and smoking, are more common in groups with lower socioeconomic status.[15] Social epidemiologists attribute this to social patterning, obstacles to healthy behaviors, and targeted marketing by the tobacco, alcohol, and fast-food industries, rather than to individual shortcomings.
- SDOH primarily influence health outcomes by constraining opportunities to live a healthy lifestyle, and through chronic stress.[16,17]
- SDOH lead to health inequities through social stratification and reduced political and social influence, which ultimately results in an imbalance of power between groups based on socioeconomic situation, race, ethnicity, and other characteristics.[18]

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Addressing Implicit Bias

Implicit bias refers to the underlying attitudes and stereotypes that people hold toward members of other groups. As opposed to explicit bias or prejudice, implicit bias is unconscious and can affect people's reflexive behavior towards members of other groups.[19] Implicit bias is common in society and in health care, and can impact the quality of health care provided.[20]

Acknowledging and responding to implicit bias can be difficult, but it needs attention to best address your patients' SDOH and to advance health equity. Addressing implicit bias is a conscious decision, and there are proven ways to approach this in your practice. Implicit bias cannot be measured through self reporting. Instruments have been created to measure implicit bias, with the most common being the Implicit Association Test (www.implicit.harvard.edu/implicit).[19]

Consider incorporating the following strategies for identifying and addressing implicit bias in your practice:

- Remember that everyone has implicit biases. By working to reveal your practice team's implicit biases, you have made a positive acknowledgement that should be commended.
- Develop an understanding of health disparities and bias in medicine to help lay a foundation of the effect of implicit bias.
- Avoid categorizing specific groups of patients and treating them differently based on their social group.
- Take stock of your practice team's implicit biases. Implicit Association Tests are available online (www.implicit.harvard.edu/implicit) to help assess biases.
- Address implicit biases to practice better medicine. For example, "physicians can address their biases by paying attention to their gut reactions to different patients and pausing, when possible, to ask themselves if the reaction may be stemming from an implicit bias. If it is, the physician can consider how they might react to the same situation if it involved a different patient."[21] This is important for all clinicians to better understand how implicit biases may affect patient care.

Building Cultural Competence and Proficiency

The AAFP defines cultural proficiency as "the knowledge, skills, attitudes, and beliefs that enable people to work well with, respond effectively to, and be supportive of people in cross-cultural settings. Family physicians care for a wide variety of patients and need these skills to offer better patient care. Today's health care environment is increasingly diverse, and physicians interact with patients from an ever-widening range of ethnic and sociocultural backgrounds."[22]

Family physicians and their teams strive to provide the best experience for every patient in their practice. The following resources can help you and your practice team better understand and provide culturally-proficient and linguistically-appropriate care:

- Cultural Proficiency: The Importance of Cultural Proficiency in Providing Effective Care for Diverse Populations (Position Paper) (www.aafp.org/about/policies/all/cultural-diverse-populations.html)
- National Standards for Culturally and Linguistically Appropriate Services (CLAS) in Health and Health Care (www.thinkculturalhealth.hhs.gov/assets/pdfs/EnhancedNationalCLASStandards.pdf)

Health Literacy and Interpretation Services

Health literacy can be defined as "the degree to which individuals have the capacity to obtain, process, and understand basic health information and services needed to make appropriate health decisions."[23] Nearly nine out of 10 adults may not possess the skills they need to assist them in managing their health and preventing disease.[24] It might be helpful to assume that some of your patients have limited health literacy. Patients with low health literacy may not comprehend drug labeling or medical instructions, with the result that they appear unwilling to follow recommendations.

Patients may have difficulty with understanding health publications, giving adequate history or comprehending content, and completing medical and insurance forms.

To assist your patients, consider the following recommendations:

- Use plain language instead of medical jargon or technical language.
- Sit down to achieve eye-level communication.
- Use visual models to illustrate a procedure or condition.
- Have patients explain back to you the care instructions you gave them or demonstrate procedures you explained.

As the U.S. population becomes more diverse, family physicians are more likely to encounter patients with limited English proficiency. This can be challenging.

Disabilities, such as hearing or visual impairments should also be considered. These can lead to communication challenges.

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Steps that practices can take to develop a strategy to overcome language barriers and improve the quality of care include:[25]

- Determine the need for services in your practice.
- Develop a policy.
- Determine the method of communication to be used during the patient encounter.
- Seek financial support for medical interpretation.
- Provide language-appropriate patient forms and educational resources.[25]

For more information about health literacy and medical interpretation, see:

- Health Literacy in Primary Care Practice (www.aafp.org/afp/2015/0715/p118.html)
- Incorporating Medical Interpretation into Your Practice (www.aafp.org/fpm/2014/0300/p16.pdf)

SECTION 2: DEVELOP A TEAM-BASED APPROACH FOR ADDRESSING SOCIAL DETERMINANTS OF HEALTH

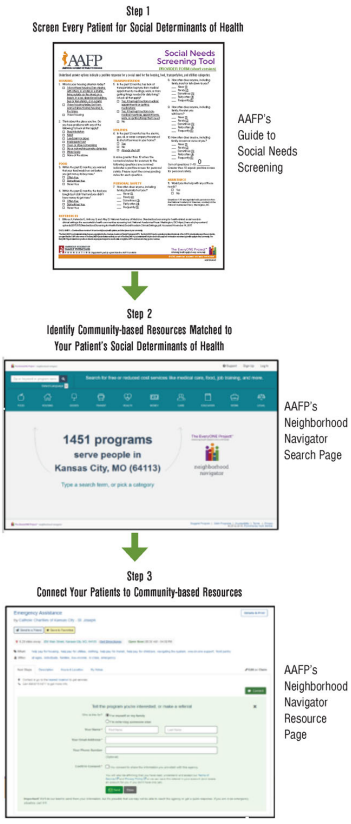
This section will help you and your health care team identify, plan, and implement small changes to address SDOH in your practice.

The AAFP's framework for addressing SDOH in primary care (Figure 1) is based on a three-phased process (Ask, Identify, Act) that encourages family physicians and their health care teams to:

1. **Ask** patients about their SDOH.
2. **Identify** resources in patients' communities that can help address SDOH.
3. **Act** to help connect patients with resources to help address patients' SDOH.

Other efforts, such as speaking out, advocating, providing testimony, and collaborating with organizations to address SDOH are ways to advance health equity. The AAFP suggests starting small and fitting these efforts into your practice as time and resources allow.

Figure 1: AAFP's Framework for Addressing SDOH in Prmary Care and SDOH Resources



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Step 1: Identify Opportunities to Address Social Determinants of Health

Conduct a brief, informal assessment of your practice with your health care team to identify opportunities to address SDOH. This will help you determine the actions you would like to take. Answer the following questions to help with this.

1. How does your practice currently identify and document SDOH, if at all? Whose responsibility is this?
2. In what ways does your practice currently help address patient's SDOH? (Select all that apply.)
   - ☐ Screen for SDOH
   - ☐ Maintain up-to-date records of community-based resources
   - ☐ Refer patients to community-based resources
   - ☐ Engage patients about how to overcome their SDOH
   - ☐ Other: _____
3. What systems do you have in place to ensure SDOH are addressed at patient visits?
   - ☐ Reviewing prompts in the electronic health record (EHR) system
   - ☐ Identifying SDOH as part of a patient's vital signs
   - ☐ Maintaining a registry of patients by categories of SDOH
   - ☐ Using flags or stickers on paper charts
   - ☐ Other: _____
4. What resources are available in your patients' communities that they could use to address SDOH?
5. What initiatives are occurring in your patients' communities to address the drivers of SDOH? How could your practice engage in these?
6. Imagine that your practice is successfully doing everything possible to help address SDOH. What would that look like?
7. Taking your health care team's unique strengths and needs, what can your practice do differently to address the SDOH?

Step 2: Evaluate Patient and Workflow

Take a moment to examine how patients flow through your office. This will help you identify opportunities to incorporate the actions you identified in Step 1. Work through the following questions and create a simple document that shows how patients advance through your system from the time they enter until the time they leave. Also, document actions that can be taken at each step to address the SDOH.

1. Where do patients go when they enter the office? What do they see and do before they are called back for their visit?
2. Who do patients see before meeting the clinician?
3. What questions are asked when vital signs are measured?
4. What information is exchanged with patients before the patient-clinician encounter?

Sample Patient Visit Flowchart

Step	Actions and Considerations
Patient checks in ↓	Posters are available in the waiting room that prompt patients to discuss their social needs.
Patient sits in waiting room ↓	Social determinants of health (SDOH) screening tool is distributed to patients at check-in to be completed in the waiting room.
Height and weight checked in hallway ↓	Nurse or medical assistant confirm social needs with patient and provides information to office clerk to cross reference social needs with available community resources.
Remaining vital signs checked in exam room ↓	Posters are available in the waiting room that prompt patients to discuss their social needs.
Patient meets with clinician ↓	Clinician discusses social needs with patient and available resources and works to develop a plan to address the patient's SDOH.
Patient meets with counselor ↓	Nurse or medical assistant finalizes plan to address patient's SDOH and referrals to community resources.
Patient stops at billing/scheduling station ↓	Office staff schedules follow-up appointment.
Patient leaves ↓	

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If SDOH are currently being addressed in your practice:

5. How do clinicians address SDOH during the encounter?
6. How are counseling or other interventions for SDOH documented?
7. What reminder systems and prompts are in place to alert clinicians of opportunities to discuss SDOH?
8. What path do patients take as they exit the office? Do they make any stops to speak with non-clinical staff (social workers, navigators, reception, etc.)?

Draw out your patient and workflow as shown in the sample patient visit flowchart shown on the previous page. See the worksheet available here: www.aafp.org/dam/AAFP/documents/patient_care/everyone_project/patient-workflow-print.pdf.

Step 3: Define a New System

Now that you have identified what actions you want to take to address SDOH and evaluated your current system for opportunities to incorporate these actions, it is time to define more clearly how these actions will be implemented.

The AAFP's framework (Ask, Identify, and Act) for addressing SDOH in primary care is an easy-to-remember approach, which provides the opportunity for every member of the practice team to intervene at every visit, and allows interventions to be tailored to a specific patient based on his or her needs, as well as to the structure of the practice. The AAFP provides resources to help with each of these processes, which are described below.

Ask Patients About Social Determinants of Health

SDOH should be assessed and documented for every patient at every office visit. The AAFP has developed a Guide for Social Needs Screening (www.aafp.org/social-needs-screening) to help facilitate this process. This screening tool is based on the National Academy of Medicine's 11 SDOH domains and can be used to develop a systematic approach for inquiring about patients' SDOH.[26]

Screening for SDOH is important because:

- Patients may not know to discuss non-medical issues with their physician—this will prompt them to discuss their needs.
- SDOH status of a patient can change. For example, opportunities for good health can be constrained after a job loss.
- Validated questions exist for inquiring about SDOH.

Steps you can take to incorporate screening for SDOH include:

- Expanding the vital signs to include SDOH.
- Including prompts on face sheets or summary screens to help identify patients with SDOH.
- Using electronic health records (EHRs) to integrate SDOH screening into the practice workflow by:
  - Integrating SDOH screening questions.
  - Documenting arrangements made for patients to visit community-based resources.
  - At follow-up, documenting the results of the referral.

Identify Community-based Resources

As with any screening program, it is essential to address problems as they are identified. Family physicians and their health care teams need a way to identify community-based resources. Historically, this has been challenging, but the AAFP and other organizations now provide the following tools to help with this:

- **AAFP's Neighborhood Navigator:** Neighborhood Navigator is a free, easy-to-use database that provides instant access to a comprehensive local listing of community-based resources in every ZIP code in the U.S. These resources are kept up-to-date by a dedicated team. The Neighborhood Navigator also includes tools to make and manage referrals, tag favorite programs, and receive information about how your patients use resources. (www.aafp.org/neighborhood-navigator)*
- **2-1-1:** 2-1-1 is a free and confidential service that helps people across the U.S. (and in many parts of Canada) find the local resources they need. 2-1-1 can be accessed 24 hours a day, seven days a week by phone, text, or the web. (www.211.org)*
- **Local Health Departments:** Local health departments often have strong relationships with community-based resources, and may be able to provide you and your practice team with an up-to-date list of these resources. You can find your county or city health department at the National Association of County and City Health Officials' (NACCHO's) directory (www.naccho.org/membership/meet-our-members/lhd-directory).

*Neighborhood Navigator and 2-1-1 include information about: supplemental food and nutrition program; shelter and housing options and utilities assistance; emergency information and disaster relief; employment and education opportunities; services for veterans; health care, vaccinations, and health epidemic information; addiction prevention and rehabilitation programs; re-entry help for ex-offenders; support groups for individuals with mental illnesses or special needs; and a safe, confidential path out of physical and/or emotional domestic abuse.

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Act to Connect to Patients with Community-Based Resources

After a patient's social needs have been identified and matched to community-based resources, it is important to work with your patients to determine a plan of action and connect them with the resources. Talk with your patients about getting help. If the patient is unsure about getting help, explore why. If patients are unsure how community-based resources can help, you could provide comfort with statements like, "I have referred many of my patients to this service, and they have found it helpful." If the patient is not interested, offer a printout of the resources available, and provide information about the Neighborhood Navigator or 211. If the patient is interested, provide a referral and have your health care team set this up. Neighborhood Navigator has a "connect" feature to help with this, which allows you to send a message to the community-based resource, informing them that your patient will be seeking their services.

It is also important to formulate an action plan with your patients and follow-up with them. Use AAFP's Social Needs Patient Action Plan (www.aafp.org/sdoh-patient-action-plan) to document the plan, share it with your patient, and use for follow up.

Step 4: Identify Barriers and Plan for Change

Change can be difficult. Identify challenges you expect to face as you make these changes to address your patients' SDOH. This could be done by yourself or through a group meeting with your health care team. Start by making a list. Common barriers may include:[27]

- Perceived lack of payment for SDOH
- Staff expertise and capacity
- Implicit bias and cultural proficiency
- Lack of resources in patients' communities
- Ensuring that patients know what to do and how to follow up with you
- Engaging the health care team and building momentum.[27]

Inappropriate expectations about what success looks like when addressing SDOH may be another barrier. By their nature, SDOH are complicated and often require changes in social, environmental, and economic systems that are outside of the practice's and patient's immediate control. Advancing health equity is not a linear process. To stay positive, remember that cause and effect are not always closely related. Family physicians and their health care teams may not be able to address each social need of their patients, but patients should be encouraged by the help you and your practice team can provide.

Step 5 : Measure and Celebrate Success

To promote sustainability and increase motivation, it is essential to understand how successful your initiative to address you patients' SDOH has been.[28] Define a set of measures that can be easily monitored to determine how effective your work has been. Early measures of success may focus on process and implementation.

Measures may include things like:

- Percent of staff trained
- Processes established
- Percent of staff engaged

As you and your health care team become proficient in your new process for addressing patients' SDOH, more outcome-based measures of success may be appropriate.

Outcome-based measures of success may include:

- Percent of patients with specific SDOH
- Percent of patients screened for SDOH
- Percent of patients with positive screen being referred to community-based resources
- Percent of patients that receive follow up
- Percent of patients that have successfully addressed an identified SDOH challenge

Set goals and use these measures to monitor progress. Bring attention to early wins and major breakthroughs. Celebrate as a team when goals are achieved and make sure that people are publicly recognized when they have gone above and beyond. Celebrating your health care team and their successes will help team members remain engaged and motivated to ensure that these changes become part of your practice culture.

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Step 6 : Finalize Your Team-based Implementation Plan

Now that you know what you want to do, how to incorporate this into your practice, and potential barriers, it is time to assign responsibilities for implementing the plan. You and your health care team need to determine who is responsible for which duties, as well as for deadlines and tracking progress. See the sample implementation plans below as a guide and use the template provided here: www.aafp.org/sdoh-implementation-plan.

Roles of Multidisciplinary Team Members
Systematizing processes requires very clear guidelines on roles and responsibilities. Assignments may vary based on practice size and structure. As you and your practice team define who will assume various roles in your practice, consider the following options:

Physicians
- Discuss with your patients their SDOH and available community-based resources.
- Deliver strong, personalized messages about preferred community-based resources.
- Refer your patients to other team members for supplemental counseling and referral.
- Follow up with your patients about their use of community-based resources and the quality of their experience.
- Keep current on research.

Nurses, physician assistants, and/or health educators
- Assess your patients' SDOH and their readiness to find help.
- Provide counseling, with a focus on identifying strategies to overcome obstacles and reduce stress.
- Perform follow-up counseling.

Receptionists/medical assistants
- Distribute the SDOH questionnaire to your patients.
- Ensure that information about preferred community-based resources is available in waiting areas.
- Schedule or arrange for appointments with community-based resources.
- Follow up with your patients to remind them of their appointments with community-based resources.

Administrators
- Ensure adequate human resource support for staff addressing patients' SDOH.
- Support integration of SDOH tools into the EHR.
- Arrange for training on SDOH and health equity, implicit bias, and cultural proficiency.
- Implement quality audits and monitor key implementation activities.
- Ensure data are tracked for program evaluation.
- Communicate outcomes to other members of the health care team.

Be sure to communicate to each staff member about his or her responsibilities for addressing SDOH. Incorporate a discussion of these staff responsibilities into training of new staff.

CONCLUSION

Thank you for reading this implementation guide. We hope that you and your practice team members have found it useful. As you and your practice team work toward addressing SDOH and advancing health equity, please check back with the AAFP for new resources at www.aafp.org/everyone. We welcome feedback about this guide and you can reach us at healthequity@aafp.org.

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SAMPLE SDOH IMPLEMENTATION PLAN

TASK	PERSON RESPONSIBLE	DATE TO BE COMPLETED	CHECK WHEN COMPLETED
Planning Tasks			
Conduct initial meeting with staff to introduce them to the initiative			
Identify opportunities to address SDOH			
Evaluate patient and workflow			
Define the new system			
Identify barriers and plan for change			
Make assisgnments and complete the team-based implemetation plan			
Establish a Culture of Health Equity			
Provide training to understand your patient's communitiies			
Provide training about how social factors influence health			
Provide training about implicit bias and cultural proficiency			
Develope strategies for health literacy and interpretation			
Implementation Tasks			
Formalize a protocol for addressing SDOH			
Provide staff training on new protocols			
Incorporate SDOH screening tool into workflow			
Create prompts for electronic health records or paper charts			
Update billing process to ensure payment			
Creat a list of community-based resources, or use of Neighborhood Navigator, 211, etc.			
Create and implement a system to track and communicate success			
Ongoing Tasks			
Provide patients' with SDOH screening form		N/A	N/A
Identify community-based resources matched to patient's SDOH screening form		N/A	N/A
Work with patients to develop a plan of action to address their SDOH		N/A	N/A
Work with patients to make referral to community-based resources		N/A	N/A
Follow up with patients about SDOH		N/A	N/A
Monitor measures of success and communicate with practice members			

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QUESTIONS AND ANSWERS

RESPONSE BY KATHLEEN MULLAN HARRIS TO QUESTIONS OF SENATOR CASEY

SENATOR CASEY

Question 1. In your testimony, you note that the reversal of declining mortality rates initially began among younger white women and men living outside large metropolitan areas, but eventually spread to most racial and ethnic groups and most geographic areas.

Have there been efforts to evaluate how these outcomes correspond with geographic areas and employment in industries that have been impacted by trade? And if so, what does that research show?

Answer 1. Our report reviewed literature on geographic areas impacted by trade more so than industries per se. In general, *research indicates that trade liberalization policies and increasing import exposure are associated with higher death rates due to drug overdose and suicide mainly among Whites*. For example, research by Author et al. (2019) found that the average decade-level rise in import exposure induced an additional 64.4 male relative to female deaths per 100,000 population per decade. Furthermore, manufacturing trade shocks were found to cause significant increases in male mortality due to drug and alcohol poisoning, HIV/AIDS, and homicide. Increased trade tends to result in worker layoffs, plant closings and reduced wages.

> Author, D.H., Dorn, D., and Hanson, G.H. (2019). When work disappears: Manufacturing decline and the falling marriage market value of young men. *American Economic Review: Insights*, 1, 2, 161–178.

If the Senator or his staff would like to speak with Author for more details or estimates, we can provide the connection.

Below is the relevant text from the Academies Working-Age Mortality report on this topic, p. 367:

> Taking advantage of differential exposures to trade liberalization due to Congress's granting of Permanent Normal Trade Relations (PNTR) to China in 2000, Pierce and Schott (2016) found an increase in mortality due to "deaths of despair." Counties in the 75th percentile of exposure to PNTR had a 0.42–0.63 higher suicide mortality rate per 100,000 population compared with those in the 25th percentile, accounting for 4–6 percent of the average age-adjusted suicide mortality rate across counties. Likewise, shifting a county from the 25th to the 75th percentile of exposure to PNTR was associated with an almost 30 percent higher mortality rate from accidental poisonings, which include drug overdoses. This increase in drug-related mortality was observed across a large portion of the working-age population (most age bins in the 20–54 age group). Importantly, this association was observed only among Whites, consistent with the notion that non-Whites are less affected by job loss (see Chapter 8). Similarly, focusing on young adults ages 18–39, Author, Dorn, and Hanson (2019) found an increase in mortality due to increased import exposure. According to these authors, the average decade-level rise in import exposure induced an additional 64.4 male relative to female deaths per 100,000 population (of each gender) per decade (Author, Dorn, and Hanson, 2019). Furthermore, manufacturing trade shocks were found to cause significant increases in male mortality due to drug and alcohol poisoning, HIV/AIDS, and homicide (Author, Dorn, and Hanson, 2019).

Question 2. I was pleased to see that one of the Committee's policy recommendations for addressing the rise in working age mortality was for the 12 states that have not expanded Medicaid under the Affordable Care Act to do so. My state has benefited enormously from Medicaid expansion, which is why I aggressively defended that part of the heath care law during the 2017 repeal efforts.

Given the report's findings on the benefits of Medicaid expansion:

Question 2(a). What do you believe the report's findings on mortality rates would be like had Medicaid expansion never been signed into law?

Answer 2(a). Research by Miller and colleagues in 2019 indicated Medicaid expansion has resulted in a 9.4 percent reduction of mortality over 4 years. *Thus, if Medicaid expansion had never been signed into law, mortality rates would have been 9 percent higher over the first 4 years of Medicaid expansion*. See quote from Miller's paper below.

Question 2(b). How do you believe a repeal of Medicaid expansion would impact our Nation's mortality rates moving forward?

Answer 2(b). Given Miller's finding above, *repeal would result in a 9 percent increase in mortality over 4 years* (mortality remains higher in non-expansion states, thus, deaths averted due to expansion will increase with a repeal). See quote below from Miller's paper.

> "Our analysis provides new evidence that expanded Medicaid coverage reduces mortality rates among low-income adults. If we assume that similarly sized mortality reductions would have occurred in the non-expansion states, our estimates suggest that approximately 15,600 deaths could have been averted if the ACA expansions were adopted nationwide as originally intended by the ACA."
>
> "Our results therefore indicate that approximately 4,800 fewer deaths occurred per year among this population due to Medicaid expansion, or roughly 19,200 fewer deaths over the first 4 years alone."
>
> Miller, S., Altekruse, S., Johnson, N., and Wherry, L.R. (2019). *Medicaid and Mortality: New Evidence from Linked Survey and Administrative Data*. Working Paper No. 26081. Cambridge, MA: National Bureau of Economic Research.

If the Senator or his staff would like to speak with Miller for more details or estimates, we can provide the connection.

Below is the relevant text from the Academies Working-Age Mortality report on this topic, p. 382:

> Medicaid expansion has been associated with a roughly 9 percent reduction in all-cause mortality among working-age adults exposed to the policy change; this effect appears to be growing with time and is estimated to be saving the lives of thousands of working-age Americans each year (Miller et al., 2019). Another study found that expansion states have experienced a 6 percent reduction in opioid overdose deaths and an 11 percent reduction in heroin-related deaths (Kravitz-Wirtz et al., 2020). Individuals in states that expanded Medicaid coverage also have experienced better health outcomes relative to those in states that deferred expansion (Antonisse et al., 2018). In a study comparing Medicaid expansion states (Kentucky and Arkansas) with a nonexpansion state (Texas), expansion was associated with a $337 per capita reduction in annual out-of-pocket spending, significant increases in preventive health visits, and a 23 percent increase in the proportion of respondents who described their health as "excellent" (Sommers et al., 2017).

RESPONSE BY ROBERT MACKENZIE TO QUESTIONS OF SENATOR CASEY

SENATOR CASEY

Question 1. Like Maine, my own State of Pennsylvania made significant progress in addressing opioid use disorder prior to the pandemic, only to see many of those gains reversed during the COVID–19 pandemic. Although I hope that we do not experience another, similar pandemic during my lifetime, what do you feel are the "lessons learned" from the pandemic for SUD treatment efforts, and what do you feel we need to do differently next time to ensure that our gains against substance use disorder are not erased?

Answer 1. SUD is a disease of isolation. With COVID–19 we were forced to isolate and it had an immediate impact on those suffering with SUD. ***The opposite of addiction is connection***. Whatever gains we had made pre-pandemic were severely impacted and those connections were lost, and in turn, lives were lost. Many services that had been available were no longer possible as in-person treatment and meetings were non-existent or changed to an on-line platform. Many of those suffering with SUD did not have the ability to have online resources. I believe it is vital for organizations to have contingency plans to keep in-person meetings and/or to update infrastructure as so space can accommodate for social distancing and updated HVAC systems updated with filtration systems in order to eliminate airborne pathogens. Outdoor meetings are contingent alternatives where possible which many sites have adopted.

Having a media program prepared to educate communities the need to watch out for one another, specifically one that are suffering from SUD as so loved once and

affected others can check on or check in with those at risk during times of isolation. We use old cell phones for domestic violence victims and maybe there is an option to extend that to those at risk as so there is connection. Make and/or increase the availability of Naloxone to the public.

I believe it is vital for those agencies giving treatment, such as a Vivitrol injection (a medication that is utilized to prevent relapse, typically from opioid use disorder) have a back-up plan or alternate site that is available to provide such injections if they are not able to continue in times, such as a pandemic. It is my understanding that pharmacists were a potential option to continue the treatment but some state laws prohibited them from doing so.

Question 2. Thank you for your efforts to reduce stigma related to SUD as a way of improving access to treatment. As you are aware, this stigma is firmly rooted within many organizations and communities, and can be difficult to dispel. What advice do you have for public officials, community activists and others who would also like to work to reduce the stigma associated with this condition?

Answer 2. I have done an estimated 100 or more talks on SUD, focusing on stigma reduction and have received positive feedback 100 percent of the time. I do not say this to gloat or make it sound as though I am a great speaker. I believe it is a combination of things that have contributed to the success of these talks.

Having those speak who are in professions such as physicians, law enforcement executives, political heads and others whom are passionate about SUD as these officials already have established credibility with the audience.

The audience must be educated of SUD being a disease. For those in the audience that may not feel as though SUD has affected them directly, I discuss the impact of SUD to our society, in lives lost but also as to the billions of dollars it costs us each year. (I typically break the costs down nationally, to a community level and to an individual taxpayer costs.) I get great feedback on this. With regard to lives lost, I use national stats but I also use statewide and local statistics on OD deaths.

Having those speakers, such as myself who have had loved ones suffering from SUD or have lost a loved one to an OD are very powerful as it makes it real and that it can happen to anyone.

One of the most powerful additions to speaking engagements is bringing in someone who is in recovery that is willing to share their story and answer questions. When the audience has the opportunity to hear from someone that is open to share their journey, which is typically a very dark place, but to see how far they have come and how recovery is possible gives the audience that sense of hope and that recovery is possible. This really helps reduce stigma.

Having a call to action and asking that the audience members to be part of the solution. Reduce stigma by talking to loved ones and friends, taking Naloxone class, (which I typically have one at the end of the program), asking them to encourage others to participate in similar forums as we need to work together to make a difference and save lives.

Calling on civic organizations such as local Rotary Clubs, Lyons Clubs, Kiwanis Clubs, etc... All of these organizations typically want to help better the lives of the communities they serve and would love to be involved.

Always invite the media, both broadcast and print. Media outlets always look for local stories and when organizations invite them in it not only gets the story out to the communities, it reduces stigma as their viewers and readers see good organizations working on initiatives that were not generally talked about due to stigma.

In my experience the more people that are educated and exposed to those in recovery makes a significant reduction of stigma. Once you reduce stigma and educate how community members can be involved it truly prepares your communities to be recovery ready.

[Whereupon, at 11:10 a.m., the hearing was adjourned.]

○