

GOVERNING

Eds, Meds and Urban Revival

In many cities, a big university is becoming the economic engine that a big corporation used to be

By Rob Gurwitt, May 1, 2008

<http://www.governing.com/article/eds-meds-and-urban-revival>

Look out from an upper-floor window of the old Sears building on the edge of downtown Birmingham, Alabama, and you can begin to appreciate the sweep of the city's history.

Close by, just beyond the vacant lot across the street, run the train lines whose arrival in the 1870s gave birth and shape to the city. Away to the south on Red Mountain, his upraised arm like an admonition on the horizon, stands a giant statue of Vulcan, the Roman god of the forge — a bittersweet reminder of the iron and steel works that fed Birmingham's industrial might for close to a century, until U.S. Steel left town in the early 1980s. But it's what lies in the middle that really matters now. Sprawling across 82 city blocks between the tracks and the mountain is the University of Alabama at Birmingham, known to all hereabouts as UAB. It is the largest employer in the city — indeed, in the entire state of Alabama. It has grown at such a prodigious clip in recent decades that locals joke that its initials stand for "the University that Ate Birmingham."

Most of them say this fondly, for the plain truth is that without UAB, Birmingham would have collapsed when U.S. Steel walked away. The university's steady growth, its reach and national prominence as a medical school, hospital system and health sciences complex, its researchers' ability to bring in hundreds of millions of dollars every year in grants and contracts, its 17,000 students and 19,000 employees, its impact on the city's restaurants, arts and entertainment — all of this makes it, in the words of former Mayor Richard Arrington, "our economic life's blood."

It's not that the university is the only economic game in the Birmingham area. Honda and Mercedes now have automotive plants nearby, the insurance and financial sectors remain strong, and one of the country's top 10 banks — Regions — has its headquarters here. Yet for all this, there is a growing conviction in Birmingham that if the city's future dynamism lies anywhere, it is with the researchers, doctors, engineers, faculty members and sheer intellectual heft of UAB. Accustomed to thinking of Birmingham as the undisputed kingpin of Alabama's economy, the city's corporate leaders have watched with dismay in recent years as development momentum has shifted to Mobile, where the port is bustling, the German steel giant ThyssenKrupp is building a \$3.7 billion plant, and the U.S. Air Force's new aerial refueling tanker will be

manufactured; and to Huntsville, where a new genetics research institute and companies drawn by NASA's presence have created an air of high-tech vitality. Birmingham used to have four major bank headquarters; Regions' is the only one left. BellSouth, one of the city's most prominent corporate players, has been taken over by AT&T. Other companies have left for New York, Tennessee and Texas.

"With the consolidation of the banking industry, the consolidation of the utility industry, how long will we be like we are?" asks Charles McCrary, the president and CEO of Alabama Power and a boardroom pacesetter both locally and statewide. "UAB is the only sustainable economic development engine we have in Birmingham." The pressing question for both Birmingham and UAB, he has come to believe, is whether they can sort out what to do with it.

Bell Towers for Smokestacks

Plenty of states, cities, academic institutions and medical centers are grappling with a similar challenge. In an era when technological know-how and innovation have become prime economic drivers, "eds and meds" have become indispensable anchors of urban growth. "In many respects," a report by CEOs for Cities and the Initiative for a Competitive Inner City commented a few years ago, "the bell towers of academic institutions have replaced smokestacks as the drivers of the American urban economy."

Yet until relatively recently, most universities and the cities surrounding them went about their business without taking full stock of what each meant to the other. Many local and state government leaders, notes Temple University political scientist Carolyn Adams, "don't see these institutions as having an economic development function much beyond employment and land development." For their part, hospitals and academic institutions aren't accustomed to thinking of themselves as de facto economic bigwigs or pondering the responsibilities that go along with that status; for many, the prevailing attitude toward the communities that host them has essentially been, "You should just thank your lucky stars we're here."

And to a degree, of course, they're right. A 1999 Brookings Institution report by University of Pennsylvania historian Ira Harkavy and Harmon Zuckerman — now the chief planner for Douglas County, Nevada — found that in the 20 largest U.S. cities, "eds and meds" accounted for 35 percent of the workforce employed by the top 10 private employers; in many cities, a university or medical system was the largest private employer, and in four of them — Washington D.C., Philadelphia, San Diego and Baltimore — medical systems and universities generated more than half the jobs among the 10 largest private employers. While no similar study has been done since then, Harkavy, now director of Penn's Netter Center for Community Partnerships, believes all this has only been magnified over the past decade. "There's been a general increase in the size of these institutions," he notes, "especially on the medical side."

Moreover, "eds and meds" have two attributes much appreciated by local political leaders: They have money to spend, and they stay put. As New Haven, Rochester, Philadelphia, Baltimore and other struggling cities all found to their good fortune during the depths of the urban crisis, universities and large medical centers don't get bought out or relocated by their owners. And as their resources have swelled — last year, 76 universities around the country had endowments exceeding \$1 billion — institutions such as Harvard, Columbia, Penn, Johns Hopkins and Case

Western Reserve have become ambitious and powerful land developers. Sometimes they feel an expand-or-die imperative; sometimes they simply want to improve life in nearby neighborhoods and have grown tired of waiting for financially pressed local governments to jump-start the process.

Yet as Birmingham's example suggests, universities and medical centers are more than just steadfast employers and major land developers. They are "the generators of development across the city," says Harkavy, coming to shape local economies through the research and activities they sponsor. Universities and research institutions undergird what Carolyn Adams calls "networks of knowledge and entrepreneurship that create new products and processes." In other words, they convene faculty, students, researchers, investors, entrepreneurs and others who can share ideas and dream up new ventures — the old Sears building in Birmingham, for instance, is now the Innovation Depot, an incubator designed in part to take the fruits of UAB's research and spin them into businesses. Coupled with the stable incomes they provide, the cosmopolitan tastes they house and the cultural vibrancy they stimulate, it's no surprise that universities have come to anchor many cities' prospects for growth.

What is just beginning to happen is a mutual coming to terms. Local political and civic leaders are starting to think strategically about how to use academic institutions to spur further economic and community development, while university administrators are getting accustomed to the higher expectations thrust on them by their size, resources and place in the changing economic firmament. Some places are further along on this path than others: Pittsburgh, for instance, where the Allegheny Conference on Community Development and the state's Ben Franklin Partnership began in the 1980s to harness innovative thinking at local universities to the cause of economic development; or Philadelphia, where the University of Pennsylvania has a staggering array of initiatives aimed at improving the city's general well-being; or Atlanta, where the Georgia Research Alliance brings government officials, business leaders and university administrators together to attract world-class researchers and labs to the state and then to help them spin ventures off into the marketplace.

Most communities, however, are more like Birmingham: aware of the possibilities and the need to take advantage of them, but not yet organized to get there. "Our growth and development have been so extraordinarily fast," says Dr. Max Michael, dean of UAB's School of Public Health, "that only within the last few years have folks within the community and at UAB lifted up their heads and said, 'Oh my God, here's this big thing in the city,' and begun figuring out a role and responsibilities for the university. A lot of urban universities are in this position: Now we're here, what do we do?"

Unlikely Colossus

That UAB should be in such a position at all would seem remarkable to those who saw it in its early days. It began in the 1930s as a small extension school of the University of Alabama's main Tuscaloosa campus, then in the mid-1940s added a hospital, dental school and medical college on three blocks of Birmingham's south side, surrounded by a neighborhood of small houses, a few stores and restaurants, a quickie car wash and a miniature golf course.

University administrators now work where Birmingham's kids played putt-putt, and the rest of the neighborhood — along with several others in every direction — is long gone as well. UAB has mushroomed from a medical school and hospital offering extension programs for commuting students to a major university with schools of business, education, engineering, arts and humanities, sciences and mathematics — but most important, a gigantic health complex with a \$400 million-a-year research enterprise known internationally for its work on cancer, bioengineering, diabetes, heart disease and social and behavioral medicine. And it continues to grow. The university as a whole adds about 225,000 square feet of space each year, says Sheila Chaffin, its planning director. "That's about as much as we did in the entire City University of New York system when I was there," she adds. "It's very aggressive."

UAB helped Birmingham meet the two biggest challenges of its modern life: overcoming the legacy of the fire hoses, police dogs and church bombing with which the more extreme members of white Birmingham responded to the civil rights movement in the 1960s; and reshaping its economy after the departure of U.S. Steel. The first came in mostly quiet ways, through civic leaders who'd grown up elsewhere and come to Birmingham because of the university, and more parochially through the recruiting of black physicians and faculty members, a university-approved move to desegregate the county medical society, the admission of black students and later, when Arrington was mayor, a push to use minority-owned firms to work on campus expansion. When U.S. Steel left, UAB's expansion and the sheer number of white-collar jobs it generated were crucial to keeping the city afloat.

These days, more people work at UAB than in downtown Birmingham. The hospital system alone is a \$1.5 billion-a-year enterprise. "Our research expenditures by themselves probably contribute a couple of hundred million dollars to Birmingham in terms of payroll," says Richard Marchase, the university's vice president for research and economic development. "We expect a [researcher] we bring in will hire eight to 10 people and have half a million dollars in payroll, and we see that avenue as among the most important ways we contribute to the city." The university has started to work with the city's economic development team to lure a major pharmaceutical manufacturer to Birmingham. "They wouldn't even look at us were it not for UAB," says Griffin Lassiter, who does business recruitment for the city.

And the new Innovation Depot, located midway between downtown and UAB, pairs the university with a former county- and city-supported incubator; spinoffs from UAB research — on everything from cancer-preventive drugs to toxin detection to cell modeling and molecular screening — form a significant part of its clientele. The university, says Innovation Depot's CEO, Susan Matlock, "is the way to our future as a city."

Yet for all this, it doesn't take many conversations with leaders from both UAB and the city to get the sense that the two still have a ways to go if they're to become true collaborators. "There's no way Birmingham would be the relatively thriving city it is today without the presence of UAB," says Mark Kelly, a local writer who specializes in the city's business and political history. "The flip side is, the UAB attitude has often been, 'You wouldn't be here without us, so we do our civic part by being the largest employer in the state,' and there really has not been a strong connection in terms of planning or strategic thinking between the city and UAB. UAB is almost a city unto itself."

Saving the Neighborhood

This is hardly a complaint unique to Birmingham; there probably isn't a university community in the country where you can't hear some version of it. Still, Harkavy believes, the picture has begun to change in recent years. "Higher education and medical institutions have begun to understand their role better," he says. "There's much more pressure on higher-ed institutions to illustrate their role in the local environment."

One of the most compelling illustrations is taking place in Baltimore, where Johns Hopkins is far and away the largest private employer. In an effort that joins the university, the city and the mega-developer Forest City Enterprises, the John Hopkins medical system is building an immense new life sciences park aimed at spinning off business opportunities from its research, and is placing the park in the deeply struggling East Baltimore neighborhood the school inhabits. In conjunction with the Annie E. Casey Foundation and the city, it has created a public-private enterprise, East Baltimore Development Inc., whose job is to oversee an ambitious effort to rehabilitate the neighborhood by building new housing for its residents, helping them with family and health counseling, creating a new elementary and middle school, and perhaps most important, crafting workforce development programs to place East Baltimore residents in the construction, health care and bioscience jobs generated by the project. "The plan acknowledges that Hopkins is a great strength in that community," says Deputy Mayor Andrew Frank, "and Hopkins, in its own enlightened self-interest, felt it was important to work with the community and the city to revitalize the neighborhoods around the huge investment in their campus. So we're looking for a transformation of the community that still connects it to its roots."

UAB's president, Carol Garrison, insists that her university, too, has "a plan and partnership with the larger community in terms of how we all move forward together. I'm fond of saying that as goes the city, so goes UAB, and as goes UAB, so goes the city." She points to the close ties between the university's school of education and teachers in area public schools, research on such issues as homelessness and drug addiction being carried on by the UAB faculty, summer programs for high school students, the school of public health's collaboration with storefront churches on health education, and the huge amounts of outside funding UAB brings into Birmingham through its research. "I would say we're doing considerable things in the community," she says.

But there is a perception both within and outside the university that it could be doing more — not so much in terms of discrete efforts, but as the most powerful institution in Birmingham. "From a public health point of view, it's one thing for the medical center to say we provide a kajillion dollars in uncompensated care," says School of Public Health Dean Max Michael. "It's another to say we have rampant poverty, high homicide rates, breathtaking levels of illiteracy and other problems of urban blight that we ought to have a role in addressing. We have any number of faculty who interact with community groups and have developed great trust; the challenge now is how do you coalesce that and make it a longitudinal culture of partnership?"

What makes this a particular challenge is that the priorities of the university, the city and the state all move in different directions, making intensive collaboration difficult to build. "In terms of how do we need to keep this institution alive and growing," says Bob Corley, who chairs

UAB's Global and Community Leadership Program, "we're not looking to the city in particular to help that occur. We're looking to the federal government. We're looking to the state government. We're looking to the families and our students who support us through their tuition. Nearly all of them are somewhere outside the city of Birmingham. So the ways in which we can assist the future development and economic development of Birmingham — it's a consideration, but not at the center of what makes us exist. We're not Alabama Power. We don't rely on or require that continuing kind of growth in the economy to make us go."

Similarly, there's a growing chorus within Birmingham arguing that the city — both its public and private leaders — and the state have failed to recognize just how crucial an economic engine UAB has become. "UAB speaks a different language than the state speaks, it speaks a different language than the city speaks, and in all candor, there's not the strongest relationship between the city's business community and UAB," says Jim Hayes, who directs the corporate-financed Economic Development Partnership of Alabama. "I don't know that there's fault at that — I think it's a matter of putting your head down and doing your business every day and not spending your time with the other. But if we ever let UAB lose its momentum, there's not enough money in the state of Alabama to get it back."

Which is why Hayes, Alabama Power's Charles McCrary and others have begun to argue that the way the Alabama legislature funds UAB — which now gets less than a quarter of its money from the state budget — needs to change. In essence, the university draws its state money from the same pool of funds as elementary and secondary schools, which means that every year it is competing with the powerful Alabama Education Association for legislators' attention, even as neighboring Georgia, with its well-funded research alliance, tries to poach UAB's leading researchers. "Right now, UAB lives from budget cycle to budget cycle," says Hayes. "But that's not a strategy. A dollar here and a dollar there equals two dollars. But if you build a system like Georgia's, a dollar here and a dollar there equals five dollars. That's where we've got to go, but it's a leadership issue. State leaders have to recognize that we have to build a system that fosters this kind of growth. And we as a community — and this is part UAB's fault and part the private community's fault — could be much better advocates for UAB to help facilitate a change."

McCrary insists that's starting to happen, although slowly. There's more informal communication between the business community and UAB's leadership — President Garrison, for instance, just spent a year as head of the regional chamber of commerce — and collaboration on Innovation Depot and several pharmaceutical ventures also has strengthened ties. "For so long, it was just, 'They're over there, we're over here,'" says McCrary. "But now we're saying, 'We need you,' and whenever you tell someone you need them, they say, 'Gee, yeah, you do need me, and I need you.'"

Note: This online version has been revised to correct an error in the print version's description of the area occupied by the University of Alabama at Birmingham.