



## ECONOMIC AUTONOMY: SUPPORTING ECONOMIC STRENGTH IN OUR COMMUNITIES

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The Michigan State University (MSU) Center for Community and Economic Development (CCED) adheres to the Community Development Societies (CDS) “Principles of Good Practice” [1] to guide our research and outreach activities. In advancing healthy, democratic and prosperous communities CDS advises community development professionals to support “economic autonomy” with communities.

Economic autonomy seeks to “strengthen local ownership and stewardship of community assets and wealth building opportunities.”[2] CCED in partnership with university faculty, students and community partners has initiated and supported several innovative research and outreach projects that support community economic autonomy.

## COMMUNITY INCOME AND EXPENDITURES MODEL

Developed and implemented by dedicated engaged scholars and community leaders the Community Income and Expenditures Model (CIEM) is a community economic development tool dedicated to arming communities with the information required to develop effective development strategies and policies. It is a tool to measure asset flows and economic leakage in communities.

CIEM was developed from the observation that low-income communities remain poor for reasons other than having a lack of accumulated wealth:

- The problem is not just that low-income communities have too little income, rather, the problem is that a substantial amount of money enters the neighborhoods then quickly leaves due to non-local purchases, non-local hiring, and non-local ownership of homes and businesses.
- The problem is intensified by the lack of commercial institutions (e.g., businesses, financial, etc.) that are located within poor communities and responsive to their needs. Dollars circulating outside of the community do not contribute to local economic wealth.

CIEM helps identify these missed opportunities for increasing local economic wealth. To do this, CIEM uses a community-based survey to gather information about the spending patterns of consumers, businesses, non-profit organizations, and government agencies within the community.

CIEM was developed from the observation that low-income communities remain poor for reasons other than having a lack of accumulated wealth:

[1]<https://cdsociety.org/about/#aboutprinciples>

[2] *ibid*

<https://ced.msu.edu/research/publications/handbooks>

- How much income is received by individuals and organizations within the community?
- How much of this income originates from within the community?
- How much money is spent within the community by individuals and organizations within the community?
- How much of this money is spent within the community and estimates how much money is spent outside the community or sent to institutions outside the community?

CIEM involves the community in an analysis of their own economy. The process provides education and opportunity to empower local residents and increase the linkages between people in the community. It is comprehensive and flexible, allowing for the examination of the economic behavior of a variety of economic entities, including the local household, business, non-profit, and government sectors in the local economy.

The goal of CIEM is to help economically distressed communities take more control over their lives and their economy in order to build upon their economic strengths and capacities. It hopes to accomplish this goal through three specific objectives:

- **Learning:** The project is designed to foster economic literacy so those community members are empowered to make economic decisions for their own well being.
- **Community:** The project seeks to build a sense of community by encouraging residents and community leaders from the business, non-profit, and government sectors, to work together toward a common goal of community improvement.
- **Diagnosis:** CIEM is designed to identify opportunities for local economic growth by understanding leaks in the economy.

## INVESTING IN MICHIGAN COMMUNITIES AND BUSINESSES

Access to patient and affordable investment and loan financial resources are critical to supporting community economic development in distressed urban and rural communities. CCED has participated in several outreach and research projects that focused on this critical element of economic autonomy. Some of our more recent collaborative efforts have focused on the potential to leverage “institutional resources” like university endowments to help make capital available to distressed people and places.

In the Fall of 2021 with support of a grant from the MSU Office on Institutional Diversity and Inclusion, and guided by a group of dedicated faculty, students, and concerned partners, CCED undertook a fact-finding investigation to more fully understand the policies and practices that the MSU Board of Trustees employed to guide the University’s investment portfolio. Valued at an estimated \$4.5 billion dollars, the management of this public endowment is the responsibility of the MSU Board of Trustees (BOT) and is critical to the fulfillment of MSU’s mission. This investigation by the ad hoc group was motivated in part by a growing societal awareness of the importance of aligning institutional investment practices with an agreed-upon set of values and goals.

Over several months the Ad Hoc University Sustainable Investment Working Group reviewed policy documents, examined the practices of other higher-education institutions who had adopted value-guided investments, developed and administered a fact-finding survey that was completed by the MSU Board of Trustees’ designated representative, and prepared a summary analysis offering recommendations on how MSU might align its investment portfolio with the values articulated in its recently adopted Strategic Plan with commitments to diversity, equity and inclusion.

The Working Group's analysis identified specific recommended actions that the MSU BOT could implement that would increase the transparency of their current investment practices, more clearly define MSU's "social conscience", diversify the representation of the advisers/consultants that provide expert advice to the BOT on investment opportunities, and clarify those parties' roles in the value-guided portfolio management process.

As a work "in progress" and as institutional investment practices evolve to our changing global economic realities, investing public resources like endowments that are guided by an institution's mission and values are a continuing opportunity to provide patient and affordable capital to distressed communities.

## COMMUNITY BENEFITS AGREEMENTS

This past January as a part of CCED's Contemporary Issues Institutes, with the support of a broad-based university/community advisory committee, organized and hosted the state of Michigan's first ever gathering focused on community benefit planning. This statewide gathering was preceded by the publication of a CCED "policy brief" that explored "the history and current application of community benefits. Community benefits are a tool for promoting more equitable development [3] practices by explicitly considering the needs of the community where a proposed development is to occur."

At the heart of the community benefit movement is the belief that "public and private sector investment in economic development should bring measurable, permanent improvements to the lives of affected residents, particularly low-income communities of color, through the creation of good jobs, affordable housing, and neighborhood services"[4]

The January 2025 Contemporary Issues Institute brought together over 100 participants in a one day event that examined current local government initiatives in support of community benefit planning and offered participants specific case studies of how this practice has been implemented in the U.S. CCED in collaboration with its advisory committee and other partners are currently exploring the feasibility of creating a "community benefit facilitators" training program to build community capacity to negotiate and monitor effective community benefit agreements

In closing, the summaries above are just a few examples of CCED's commitment to supporting scholarly research and engaged outreach to assist in creating economic autonomy within our local communities. It doesn't take a "rocket surgeon" to realize that part of the challenge of supporting authentic and sustainable community revitalization is for communities to have a financial infrastructure that "strengthens local ownership and stewardship of community assets and wealth building opportunities".

To learn more about these and other projects in visit [ced.msu.edu](https://ced.msu.edu).



[3] [https://ced.msu.edu/upload/community%20benefits/Community%20Benefits%20Brief\\_FinalVersion.pdf](https://ced.msu.edu/upload/community%20benefits/Community%20Benefits%20Brief_FinalVersion.pdf)

[4] Ibid pg. 5