Building Local Equity
“ILSR has been a most effective ally in bringing small business voices into the debate over runaway corporate tax breaks, which are euphemistically called ‘economic development incentives.’ They are credible, connected and committed.”

Greg LeRoy,
Executive Director,
Good Jobs First

The Baltimore community comes together to find environmentally sustainable alternatives to burning trash.

The findings of ILSR’s report, Walmart’s Dirty Energy Secret, spurred environmentalists to join worker-led protests at hundreds of stores nationwide.

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Cover photos (clockwise from top L): Benjamin Franklin High School students working towards solutions for sustainable community development; Entrance to an independent business in Portland, Oregon; ILSR’s Matt Grimley and Hannah Trostle at the Xcel Slow Walk in Minneapolis; Neil Seldman working with a community group to stop an incinerator planned in Curtis Bay, Baltimore.
ILSR is working with community groups, local government, and business in more than a dozen cities to cut trash disposal, create jobs, and build local reuse, composting, and recycling systems.

Numerous cities and states are relying on ILSR’s expertise to help their residents and businesses save millions of dollars by generating their own electricity from rooftop solar and other renewable sources.

The number of municipalities pursuing publicly owned broadband networks has grown exponentially thanks to ILSR’s work.

25 business groups, representing over 50,000 independent businesses, are partnering with ILSR to pass policies that reduce corporate power and build a more equitable economy.
From our inception, building equity has been a core value and aim of ILSR’s work. We are all created equal, endowed at birth with the same natural rights, dignity, and grace. Equality is given to us by nature. But equity is socially created and achieved only when we make rules and institute systems that are just and fair.

While the conventional debate about economic inequality focuses on the redistribution of income, we contend the underlying need is for a redistribution of power and a strengthening of individual and local agency. We champion policies that decentralize authority and production while democratizing ownership. We envision strong, self-aware communities with the authority to determine their own futures and the capacity to nurture engaged and effective citizens.

In 2015, as you’ll discover in the pages that follow, our ideas gained increasing traction as we worked alongside a broad range of allies to realize this vision.

We’ve helped low-income and minority neighborhoods block highly destructive trash incinerators, while pioneering community-scaled composting ventures and recycling-based businesses. These new enterprises cut pollution, enable local ownership, produce better jobs, and forge local equity.

In the energy sector, we’ve been at the vanguard of an ownership revolution that could, with the right state and local policies, enable every electricity consumer to become an electricity producer and thereby gain a voice and a stake in shaping a renewable future.

We’ve made a compelling case that the ever-increasing dominance of big business, and the inequality in political and economic power this concentration engenders, is more the result of policies than markets. We’ve galvanized a growing movement of local businesses determined to change those policies.

As the White House itself recognized this year, ILSR has been instrumental in the emergence of public ownership as a viable and increasingly common approach for cities looking to ensure that all citizens have access to the most advanced high-speed broadband networks.

All the while, we’ve published widely read essays and reports that offer new ways toward a more equitable politics – a politics that strengthens economies while building strong communities.

Your ongoing support has been essential. Thank you.

Sincerely,

Stacy Mitchell & Brenda Platt
Co-Directors

ILSR Staff at a retreat.
"The Institute for Local Self-Reliance is the most underrated organization in the country. They do marvelous thinking on the economy."

Mike Lux, President, American Family Voices

"I always enjoy reading what you write — you are one of the sharpest out there doing this kind of work."

Carl Siegrist, Board Member, RENEW Wisconsin
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Christopher Mitchell and his team making the headlines in Newport, RI as he makes the case for Community Broadband

“In a 21st Century information and technology economy, Broadband is a necessity. Ending income inequality must be job #1 and cities and communities must innovate ways to get it to all our people, no matter their zip code. ILSR is an ally in identifying models, options and opportunities communities and government sorely need to democratize broadband.”

Maya Wiley, Counsel to the Mayor, New York City

COMMUNITY BROADBAND NETWORKS

www.ilsr.org/initiatives/broadband

2015 IN REVIEW: This was a breakout year for community networks. President Obama traveled to Iowa to congratulate Cedar Falls on its municipal network and called on states to relax barriers to communities investing in their own networks. We documented many powerful examples of community-owned networks spurring economic development and giving local businesses an edge. We also compiled a long list of the savings generated by municipal networks serving schools, libraries, and other public institutions. Program Director Christopher Mitchell traveled to 15 states to give presentations and share technical advice, and visited others virtually by Skype and webinar software. Along the way, we directly engaged some of our critics, including a lively debate hosted by the Federalist Society. After years of seeing small- and medium-sized cities carrying the municipal banner, we are now working with larger cities, such as Seattle and New York, on local network strategies.

SELECT ACCOMPLISHMENTS:

- After digging into our research and consulting with ILSR, the White House sent President Obama to Cedar Falls, Iowa, to preview a part of his State of the Union address that focused on Internet policy. Introduced by the founder of a local tech company, the President congratulated the community on building its own fiber optic network, which allowed local businesses to take root and thrive. Program Director Christopher Mitchell shook the President’s hand after the speech.

- In February, the Federal Communications Commission issued a pivotal ruling. Relying on a record built from years of our research, the FCC restored the authority of cities to build broadband networks in North Carolina and Tennessee, where state lawmakers had previously preempted them.

- Over the summer, we released a popular video exploring how the small community of Sandy, Oregon, built its own fiber network, which now offers some of the lowest prices for the highest capacity network connectivity in the nation.

- In September, we were called to the White House for a closed-door discussion on broadband policy.

- Our work and words have appeared in the New York Times, Wall Street Journal, Washington Post, and hundreds of local media outlets. Our podcast, with over 170 episodes, is now rebroadcast on some radio stations.

LOOKING AHEAD: We are incredibly energized by the growth in this space. We see great opportunities for cooperatives to wire rural areas from Maine to California. Within large metro regions, we are working with local officials to create open infrastructure that will bring a real choice to local businesses and residents. In particular, we intend to increase community equity with targeted investments that diminish the power of the large absentee corporations that currently monopolize Internet access. Much like what happened during electrification, the choices we make now will impact how broadband infrastructure, and indeed the economy itself, is structured for decades. With a smart plan, local governments can ensure their residents and local businesses are ready to thrive.

IMPACT STORY: We first heard from Ammon, Idaho, in 2008 when its Technology Director wrote to us, asking to quote one of our reports about municipal broadband. They were considering a municipal network. More than one hundred conversations and two ILSR site visits later, Ammon is deploying a futuristic network that may change the way cities invest in this infrastructure. Stay tuned: ILSR’s video about the project is due out in January.
Our analysis of why the financial system is starving local businesses of the capital they need, and what lawmakers should do about it, influenced journalists and prompted small business leaders to advocate for major changes in banking policy.

In an op-ed in the Minneapolis Star Tribune, we argued against the common practice of cities giving large tax incentives to attract Amazon warehouses. The piece galvanized grassroots opposition to one such deal, in a Twin Cities suburb, and the plan was ultimately scuttled.

We produced several policy tools that are helping communities take charge of their local economies. Our guide to community ownership of commercial buildings, for example, has already inspired the launch of initiatives in New York and other cities.

LOOKING AHEAD: In the coming year, we’ll release our five-point policy platform and then work with our local business allies on local and state campaigns to move key pieces of this agenda, while looking for opportunities to forge alignment between small business and economic justice groups. We’ll also offer new research and ideas to protect independent businesses from rising real estate costs, expand access to capital for local entrepreneurs, and revamp land use policy to foster strong local economies. Our work on Amazon will ramp up too, as we release a much-anticipated report on the impact its business model is having on workers, small businesses, and local economies, and what we should do about it.

IMPACT STORY: Advocates for Independent Business, a coalition we co-founded two years ago, which includes more than a dozen national organizations representing over 100,000 local businesses, became an influential voice this year. Among its successes, AIB supported a regulatory change that will allow credit unions to do more small business lending and helped pass a new rule that requires cities and states to disclose the tax incentives they give to corporations in the name of economic development.

“Local First Arizona relies heavily on ILSR’s work to support our mission of strengthening communities and local economies across Arizona. Their research, analysis, and policy tools have played an important role in our policy victories. We regularly share these resources with elected officials and community leaders.”

Kimber Lanning, Executive Director, Local First Arizona
2015 IN REVIEW: Equity is at the heart of the conflict over energy. On the one hand, community solar programs are making solar more accessible than ever, expanding this year to California, Maryland, and New York. On the other hand, utility companies are striving to protect their aging business model, fighting their own customers with policies that make solar and conservation more expensive. ILSR is playing a pivotal role in this conversation. Our analysis — disseminated through rich reports, vividly illustrated web presentations, and an engaging blog — reached an audience of tens of thousands this year. Reporters in both the energy trade and mainstream press regularly seek our perspective on how solar and decentralized technology is transforming the energy system by putting power into the hands of the people. One place where our work is helping to advance democratic energy is Hawaii. Our “postcard from the energy future” video, new report, and advice to partners are helping to frame Hawaiians’ fight for local solar to replace imported fuel oil, and to fend off a threatened takeover of their largest utility company by a mainland conglomerate.

SELECT ACCOMPLISHMENTS:
- ILSR’s leadership in the Minnesota-based Community Power coalition helped win a commitment from the state’s largest utility to reduce by 60 percent its greenhouse gas emissions by 2030.
- Activists in Hawaii are widely sharing our 3-minute “Postcards from Florida” video, highlighting the drawbacks of the proposed electric company takeover. Our latest report is reinforcing the value of local control and local solar, buttressed by our

IMPACT STORY: When ILSR wrote a report on community solar power in 2010, only a handful of examples around the country existed. ILSR has continued to provide technical assistance to numerous organizations and campaigns for more community solar. By 2015, several states have full-fledged programs and some industry experts expect community solar to account for as much as half of new solar capacity by 2020 via expanding access to those without a sunny rooftop to own a share of solar energy.

LOOKING AHEAD: We see three major opportunities in the year ahead. First, momentum is building for local power, and we’re ready to map and connect the communities campaigning for control of a cleaner energy future. Second, we plan to elevate the role of electric customers in the decision-making process, including petitioning regulators to allow technology — from smartphones to rooftop solar — to enable customers to take the reins. Finally, we intend to illustrate how building local equity is the key to winning campaigns for 100 percent renewable energy, giving everyone a chance to own a piece of their energy future.

“Clean energy discussions are almost invariably dominated by narrow technological and economic analysis. ILSR is one of the few organizations taking a more holistic view, grappling not only with dollars and kilowatts but with the social and political implications of various energy systems. After all, as citizens it should matter to us not only how many electrons are flowing but where they are created, who owns the means of production, and who reaps the benefits.”

David Roberts, climate blogger at Vox

John Farrell presenting at the Maui Energy Conference
**INITIATIVE**

**PUBLIC GOOD**

[www.ilsr.org/initiatives/the-public-good](http://www.ilsr.org/initiatives/the-public-good)

**2015 IN REVIEW:** Our series of thought-provoking and widely distributed essays continued to examine the tensions of this era – between the public and the private, red states and blue cities, individual liberty and the general welfare, the market and the commons – from a public good perspective. And through it all, we proposed a narrative to guide policymakers in creating humanly scaled and equitable economies as well as transparent and accessible decision-making. This year, Program Director David Morris published more than 20 essays, short and long, on ILSR’s web site, as well as in national media outlets such as Alternet, Common Dreams, Guernica, Huffington Post, On The Commons, Salon, and daily newspapers, including the Minneapolis Star Tribune.

**SELECT ACCOMPLISHMENTS:**

- We highlighted the emerging battle between red states and blue cities and the debate between states’ rights and municipal rights in our article, “Who Decides?”
- We developed a comprehensive guide to ethical shopping as if workers, the environment, and community matters in our article “Buy America? Of Course But You Can Do So Much Better.”
- We brought to the general public’s attention the almost diametrically opposite views of human nature and society embraced by two icons of conservatism, Adam Smith and Ayn Rand. For Rand, altruism is equivalent to “self-immolation,” while for Smith, humans’ “innate sense of empathy and sympathy forms the basis for civilized life.”
- We examined the recent unprecedented creation of a private judicial system to settle complaints brought against corporations, a system whose rules effectively are designed by corporations and whose decisions exclude access to the regular judiciary. And we discussed how various levels of government are responding.
- We applied our lens to sports. Twelve of this year’s NCAA’s Sweet Sixteen teams play at state universities; eleven of those are in states where anti-government lawmakers slashed the budgets of these state institutions.
- In a series of articles, we explored the evolution of trade pacts from ones narrowly focused on reducing tariffs to modern agreements broadly focused on overturning rules that favor local economies, neighborliness, and a sustainable environment.
- As part of the Public Good News, we published dozens of brief commentaries on research, initiatives, legislation, and people currently in the news that reflect a movement toward expanding the commons and the public good.

**LOOKING AHEAD:** 2016 is an election year. We see the Public Good Initiative playing an important role in helping to educate the electorate by bringing a perspective that may help voters cross the ideological divide and embrace strategies that promote the commonwealth. We look to engage in public forums, publish in broader venues, and expand the Public Good News into a regular news service.

“Injecting a much-needed jolt of common sense to public debate, [David Morris] is a true champion of the common good.”

Jay Walljasper, Senior Fellow at the Project for Public Spaces

“Independent bookstores, like Carmichael’s Kids in Louisville, nurture community and create rich public spaces. Thanks in part to ILSR’s advocacy, local bookstores are now growing in numbers and marketshare.”
2015 in review: Our Waste to Wealth Initiative continues to be a leading voice against trash burning and landfill expansion, favoring instead a zero-waste approach that prioritizes local use of recovered materials to create jobs and green enterprises. This year, we deepened our recycling-based business recruitment in Baltimore, Kansas City, Austin, and Mississippi. We pressed hard against the titans of trash and single-use product makers that want to control the discard stream, and emerged as the only national organization opposing the extended producer responsibility efforts of Pepsi Cola, Coca-Cola, and Nestle. Why? Because their system would end local government and citizen control over recycling, product bans, and numerous zero-waste initiatives, virtually eliminating community economic development opportunities. This theme of community control and large-versus-small players also featured prominently in our Composting Makes $en$e project this year. A unique advantage of composting is its ability to be small scale and local. We believe community-based composting is the foundation for the municipal-wide programs that are also clearly needed, which is why we launched our Neighborhood Soil Rebuilders Composter Training Program.

Select accomplishments:

- ILSR helped the Mid-America Regional Council of Kansas City and the Department of Resource Recovery in Austin contract with Greys Paper Companies to build small-scale recycled paper manufacturing facilities, which will create 120 jobs in each locale.

- We initiated a program in Mississippi to create jobs in Canton and rural Tallahatchie County in collaboration with state and local agencies and the private sector.

Impact story: ILSR has been an integral part of the three-year effort in Curtis Bay, Baltimore, to stop a proposed 4,000-ton-per-day garbage incinerator. We have detailed alternative recycling and solar energy enterprises for the 80-acre site. When the United Workers of Baltimore and Free Your Voice youth group convinced museums, local governments, and public schools in the region to cancel their contracts to purchase electricity from the proposed plant, ILSR was asked to develop alternative strategies for providing jobs for community residents. ILSR’s Neil Seldman has been appointed chair of the community planning team in charge of job creation. To date, for-profit and nonprofit companies involved in composting; paper manufacturing; computer deconstruction; and the refurbishment of appliances, furniture, and automobiles, are in talks with the City and the Workforce Development Group at Ben Franklin High School (located in the shadow of the planned burner). By preventing the construction of incinerators, ILSR has helped preserve dozens of zero-waste efforts within the Mid-Atlantic region.
ILSR was cited in 549 media stories in 2015.

“Amazon creates just 17 jobs for every $10 million in sales... Compare that with traditional brick-and-mortar retailers, which create jobs at more than twice that rate: 42 positions for each $10 million in sales, according to an analysis by the nonprofit Institute for Local Self-Reliance. ‘This is clearly not a path to greater employment and more economic activity,’ said Stacy Mitchell... She and other community development advocates worry that Amazon will eviscerate smaller businesses that put more of their earnings into hiring workers.’

Reuters, Jun. 17, 2015

“The telecom companies have spent millions of dollars in state legislatures to promote these limits,’ [Christopher] Mitchell said, ‘and anything that’s pro-competition from the administration is very upsetting to them.’ He said eliminating the barriers and allowing cities to set up their own networks would be an ‘important first step’ in generating competition.”


“Although city recycling coordinator Phil Bresee told the committee that starting a curbside program throughout the city could cost $37 million a year, others presented their programs as ones that could be built on more gradually. Brenda Platt, a member of the U.S. Composting Council, told the committee that it should develop a diversified composting infrastructure rather than relying on one site. ‘One of the beauties of composting is that it could be small-scale, large-scale, and everything in between,’ she said.”

Philadelphia Inquirer, Nov. 28, 2014

“John Farrell with the Institute for Local Self-Reliance in Minneapolis has studied the issue of leasing versus owning solar panels. His group has a calculator on its website to help consumers figure out the cost of both options. ‘I favor ownership, simply because it means keeping more of the dollars — over the lifetime of that solar panel — in the pocket of the owner,’ Farrell says.”

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INCOME
Fiscal Year 2015
July 1, 2014 to June 30, 2015

- 14% Grants
- 7% Contracts & Consulting
- 79% Contributions

EXPENSES
Fiscal Year 2015
July 1, 2014 to June 30, 2015

- 5% Program
- 6% Fundraising
- 89% Management & General

www.ilsr.org
OUR MISSION

The Institute’s mission is to provide innovative strategies, working models and timely information to support environmentally sound and equitable community development. To this end, ILSR works with citizens, activists, policymakers and entrepreneurs to design systems, policies and enterprises that meet local or regional needs; to maximize human, material, natural and financial resources; and to ensure that the benefits of these systems and resources accrue to all local citizens.