
ROSE INSTITUTE

OF STATE AND LOCAL GOVERNMENT



CLAREMONT MCKENNA COLLEGE

Introduction

About the Rose Institute

In 1973, businesswoman and lawyer Edessa Rose founded the Rose Institute of State and Local Government at Claremont McKenna College to examine topics specific to state and local government in California. For the past three decades, the Rose Institute has pioneered public policy research and conducted in-depth studies in public finance, demographics, survey research, economic impact, Indian gaming, and legal analysis. Research done at the Rose Institute has been featured in the *The New York Times*, *The Los Angeles Times*, *The Washington Post* and other national and regional publications.

The Rose Institute has a unique work environment that allows undergraduate students the opportunity to work side by side with faculty and specialists, gaining direct research experience. These students are exceptionally well prepared and come to the Rose Institute with an enthusiasm for state and local government affairs. We strive to provide our students with unparalleled professional and educational experiences.

From day one, student researchers confront real world problems, and as their skills grow, students often conduct analyses and manage projects for clients on their own. Students are also listed as authors, co-authors, or researchers on reports published by the Institute.

The approach of the Rose Institute to challenging problems and our extensive research experience provide us with unmatched insight in addressing conceptual questions, analyzing trends, and providing accurate forecast information. The Rose Institute also maintains one of the largest archival databases of economic data and survey research in the country, providing instant access to a wealth of knowledge and information. The Institute maintains close ties with specialists in real estate, law, public finance, demographics, business analysis, and politics who assist in our research and facilitate student mentoring and networking.

For more information about the Rose Institute, visit our blog at www.rosereport.org and Web site at www.claremontmckenna.edu/rose.

About Claremont McKenna College

Claremont McKenna College (CMC) is a private liberal arts school in Claremont, California, located 35 miles east of Los Angeles. CMC is part of the Claremont Consortium that includes Pomona College, Pitzer College, Harvey Mudd College, and Scripps College.

Claremont McKenna provides a broad education in the liberal arts but specializes in government, international relations, finance, and economics. Alumni often go on to pursue graduate degrees with careers in law, business, public administration, public policy, science, education, government, and foreign services.

In 2008, *U.S. News and World Report* ranked Claremont McKenna as the 11th best liberal arts school in the country, with an admission rate under 20%. Of the most recent freshman class, 86% graduated in the top 10% of their high schools.

The Rose Institute of State and Local Government

Claremont McKenna College

Adams Hall, 340 E 9th Street, Claremont, California 91711 • Telephone: 909-621-8159 • Fax: 909-607-4288

Email: RoseInstitute@ClaremontMcKenna.edu • Website: <http://www.clareontmckenna.edu/rose>

Contact person: Marionette Moore, Administrative Assistant

Public Finance & Fiscal Analysis

Overview

The Rose Institute conducts detailed budget analyses for private institutions and corporations in addition to fiscal research on behalf of state, county, city and tribal governments. Our fiscal analysis team works under the direction of Steven B. Frates, Ph.D., a leading expert in fiscal analysis for local government and the primary author of over 20 major fiscal reports issued by the Rose Institute. Dr. Frates is a former member of the California Constitutional Revision Commission and was appointed by Governor Arnold Schwarzenegger to the California Performance Commission.

Fiscal analysis at the Rose Institute often includes detailed information in the following areas:

- Comprehensive budget analysis
- Fiscal policy ramifications and consequences
- Economic forecasting
- Fiscal sustainability
- Revenue/Expenditure patterns
- Trends of economic growth and decline
- Regional and demographic trends

In 2002, the Rose Institute conducted in-depth analysis of the San Fernando Valley secession and the After School Programs Initiative (Proposition 49). The Institute also examined budgets for school and political districts.

Previous major clients include:

- Los Angeles County
- Orange County (Including all 33 municipal governments)
- Santa Clara County
- Monterey County
- Fresno County
- Riverside County (Including all 24 municipal governments)
- San Diego County and over 75 special districts and redevelopment agencies
- Southern California Edison

Projects

Redlands Fiscal Impact Study: This report analyzed the fiscal impact of an amendment to the General Plan of the city of Redlands. The Institute first examined the fiscal condition of the city of Redlands and then studied the trends of municipal revenue rates and expenditure patterns to determine the overall economic health of the city. The study also compared the development patterns and finances of Redlands with several neighboring cities. These analyses contextualized Redlands' financial and development profile and allowed for a more robust understanding of the economic situation in Redlands. The Rose Institute concluded that the initiative would have a negative impact on Redland's general operating revenues and would hurt the city's internal economy.

The Economic Impact of Homelessness in Los Angeles County: In 2005, the Rose Institute examined controller reports, demographic trends, and population dynamics to assess the scope, costs, and effects of social services addressing homelessness in Los Angeles County. The Institute studied homelessness in several LA County cities to create a comparative base for examining the city of Los Angeles. The study found that approximately 14 percent of single homeless adults who remained in Los Angeles were able to gain access to subsidized public housing over an eight-year period. In addition, homeless adults and approximately half of the homeless job seekers who participate in the labor force have viable opportunities for supporting themselves through employment.

City of Loma Linda Fiscal Analysis: The Institute conducted a fiscal impact study for the city of Loma Linda regarding two proposed referenda and one proposed initiative that would amend the General Plan of the city and allow two retail developments to be constructed. The report utilized financial data from several sources, including the Loma Linda Municipal Budget and the Redlands CAFR. The study projected the sales and property tax revenues that would be generated by the proposed projects in addition to costs associated with delaying construction. The projected revenue streams and potential costs from the proposed projects were compared to the standing tax revenue generated in Loma Linda, enabling policy makers to make a fully informed decision regarding the economic proposals.

Riverside New Residential Housing: This Institute study examined the potential impact of a new single family residential housing development on property tax revenues of cities in Riverside County. In order to ensure comparability between cities, the study referred to State Controller Reports which provided uniform definitions and reporting procedures for cities, allowing for a much more precise comparison between municipal revenue and expenditure data. The study first analyzed the property tax revenues and projected revenue growth of each city in the county compared to the increase in tax revenues generated by single family residential housing. The next section compared the increase in property tax revenues generated by new single family residential housing with the property

tax revenues generated from other existing sources in each city. The final section examined the correlation between population growth and municipal services. The study concluded that new housing developments had a positive impact for most cities since residents of these new developments paid substantially higher per capita property taxes than residents in existing neighborhoods.

Fiscal Analysis of the City of Pomona: The Rose Institute was asked by the city of Pomona to analyze the city's finances, to comment on the city's fiscal situation, and to suggest procedures for providing reliable financial information. In addition, the Institute was asked to examine the city in comparison to four neighboring cities. The study addressed the unique aspects of Pomona's financial circumstances and the importance of reliable municipal fiscal transparency. The Institute devoted particular attention to evaluating the clarity and accessibility of Pomona's budget documents, other public finance resources, and the use of accurate budget information in facilitating decision-making by city officials. The study emphasized the importance of allowing concerned citizens and the media to have adequate access to fiscal information.

Budget Priorities of the San Diego School Districts: From 1997 through 2001, the Rose Institute was commissioned by the Girard Foundation to conduct budget analyses of five school districts in San Diego. The Institute compared how each district allocated funds among its major budget items including salaries, benefits, pensions, facilities, materials, and maintenance. Each study also examined unfunded mandates, class sizes, debt issuance, and significant budget changes in each district.

Other major fiscal projects include:

Los Angeles County Fiscal Study (1996)
Riverside School Districts (1998-2003)
Orange County Subventions (2003)
San Bernardino County Fiscal Analysis (2004)
City of Long Beach Fiscal Analysis (2006)
An Analysis of Business Migration in Southern California (2007)

Demographic Studies, Redistricting, & Geographic Information Systems

For over thirty years, the Rose Institute has been nationally recognized as a leader in demographic analysis and redistricting research and reform. The Institute is unique in its knowledge and implementation of Geographic Information Systems (GIS) technology that allows users to generate creative maps and presentations of statistical data. In 1979, the California Business Roundtable gave a million dollar grant to fund a significant redistricting reform and education program at the Institute. The Ford Foundation also commended the Rose Institute for undertaking a complex and delicate study of South Central Los Angeles during the 1993 Rodney King riots.

Foothill Country Day School: Foothill Country Day School approached the Rose Institute to analyze the school's potential for increased enrollment. The Institute examined the neighborhood demographics of currently enrolled students and found that while household incomes and the amount of college and post-graduate education vary widely across most neighborhoods, a reliable working profile could be created to identify potential clients based on the socio-economic characteristics of currently enrolled students. Survey results indicated that many potential clients fitting the client profile could be found in nearby communities like Glendora, San Dimas, Rancho Cucamonga, Walnut, Diamond Bar, and Chino Hills. The survey indicated that the Foothill Country Day School had a wide potential base of interested clients and with a solid marketing effort, could steadily increase its school enrollment.

Los Angeles Law Enforcement Documentary:

This project was done in conjunction with an independent filmmaker working on a documentary of law enforcement in Los Angeles. The Rose Institute created unique demographic maps describing the socioeconomic status and ethnicity of several inner city neighborhoods while also digitizing hand-drawn maps designating known gang territories. GIS software was used to transfer the maps into digitized images for the documentary.

Central Valley Project: The Rose Institute launched a large-scale research project to find out why the Central Valley is the only region in the United States to become both more Republican and more Hispanic in the past thirty years. GIS was heavily used in the project to digitally map demographic trends against voter identification data for the region.

Coachella Valley Development Project: The Rose Institute undertook an extensive project to graphically chart construction and development across the Coachella Valley. The development status of over two hundred parcels were compiled and then digitally mapped to show which parcels were approved, complete, not yet submitted, pending, or under construction. This survey proved invaluable for construction companies, chambers of commerce, as well as local governments to accurately gauge development across the rapidly expanding region.

Economic Impact Studies

The Rose Institute conducts economic impact studies on behalf of city governments, businesses, and Indian tribes. These studies allow individual clients to accurately assess the direct and indirect effect of their activities on local and regional economies. For tribal governments, the Institute also analyzes the impact of tribal economic development by legislative district. Generally, an economic impact study will examine the wages, benefits, pensions and all other client expenditures to determine direct economic impact and then follows established formulae to calculate the indirect or ripple effects of the direct expenditures. The Rose Institute draws upon financial economists, econometrists, economic forecasters, and tribal specialists at Claremont McKenna College to provide a thorough quantitative and qualitative examination of effective business practices.

Claremont University Consortium Impact Studies: The Rose Institute conducted a study for the Claremont University Consortium to assess the full economic impact of the Consortium on local communities and the regional economy. The study carefully analyzed the combined expenditures of the seven affiliated colleges and schools in the Consortium and their indirect multiplier effect in the Cities of Claremont and Upland. Direct wages, salaries, benefits, and other expenditures were calculated as well as indirect impact of visitors, alumni, sporting events, and other significant events that increase spending in the local economy.

Economic Impact of Tribal Governments in Riverside and San Bernardino Counties: This study provided a broad overview of all tribal economic activities in Riverside and San Bernardino counties and the significance of their impact on the economy in southern California. While most economic development generated from tribal governments often comes from gaming and casinos, tribal governments also operate a variety of other substantial economic enterprises and continue to diversify their economic activities. Overall, the study found that the rapid growth in the gaming industry among tribal governments has a major effect on Riverside and San Diego counties while also impacting the counties' infrastructure, tax revenues, property values, and future economic development.

Tribal Government Feasibility Study: The Rose Institute conducted a feasibility study of constructing a new hotel casino and resort on behalf of a tribal government located in southern California. Several financial models were developed to mimic the potential costs, benefits, and drawbacks to constructing the new hotel. These models were grounded in data gathered from existing casino patrons and private performance data from existing casino operations overseen by the tribal government. The study compiled this data into a gravity model to analyze competitive position of the tribe in the region against competing gaming facilities.

Survey Research

Overview

The Rose Institute has more than 25 years of extensive survey experience and has conducted broad surveys examining key issues such as quality of life, public policy, and business development for numerous clients. These clients include:

- The Southern California Association of Governments
- The Coachella Valley Annual Survey
- The San Gabriel Valley Economic Partnership
- The Economic Alliance of the San Fernando Valley
- The Los Angeles County Economic Development Corporation
- The City of Claremont
- Various state, county, and local government agencies

The Rose Institute conducts all aspects of the survey process including background research, questionnaire design, sampling size, collection of data, analysis of results, and final conclusions regarding the data gathered.

Projects

Kosmont-Rose Institute Cost of Doing Business Survey: In partnership with Kosmont Companies, our annual *Kosmont-Rose Institute Cost of Doing Business Survey* provides an analysis of municipal tax rates in more than 400 cities nationwide. The Institute collects information regarding business license fees, utility fees, impact fees, incentives, property taxes, and sales tax rates. The overall tax climate of an individual city is determined by means of a self-designed statistical weighting process that designates the most expensive and least expensive cities for businesses. Surveys are conducted annually and often receive significant media attention in many California publications including the *Los Angeles Business Journal*. For more information regarding the *Cost of Doing Business Survey*, please visit: www.claremontmckenna.edu/rose/kosmont/CODBS.php.

Claremont Business Survey: The Rose Institute conducted an extensive business survey on behalf of the city of Claremont during the summer of 2008. The Institute surveyed business owners and managers to gauge support for a potential increase in the Transient Occupancy Tax (TOT) in addition to gathering other important information regarding the vitality of the Claremont business community. The proposed in-

crease in the TOT would be used to fund a city-wide marketing campaign to boost local businesses. Three out of four respondents said they would not support a change in the TOT and felt that it was the primary responsibility of the owner to promote their own businesses. Other survey results indicated that Claremont businesses are generally successful but most owners felt that improved visibility and reductions in city fees would best help improve their sales receipts.

Claremont Quality of Life Survey: The Claremont Quality of Life survey, completed in 2003, measured residents' satisfaction with the city and how it was governed. The survey found that 92 percent of residents were satisfied with the town and pleased with the services that were provided. The survey measured satisfaction with the city's aesthetics, police protection, efforts to be environmentally self-conscious, and other aspects of life in Claremont. The survey also found that residents desired increased funding for youth and senior citizen programs. The survey results allowed the city government to identify strengths in their performance while also highlighting areas of critical importance to improve city services.

Coachella Valley Surveys: The Rose Institute has conducted six extensive quality of life surveys across the Coachella Valley. The most recent survey, conducted in 2004, highlighted critical problems related to the Valley's rapidly expanding population as well as unreliable electricity during periods of high demand. The survey also found that Valley residents strongly

supported increased taxes to support neighborhood clean up projects and improvements in public transportation. The 2004 survey also highlighted the performance trends among local governments and noted the high optimism of residents for improved quality of life in the future.

City of Sierra Madre Survey: In 2004 the Rose Institute conducted a survey of public services performance on behalf of the city of Sierra Madre. Residents expressed high satisfaction with the performance of the Fire Department and that local tax revenues were spent effectively to provide quality city services. The survey also gauged support for construction of a new city library if the projected cost was 75 dollars per household for 30 years. Survey results indicated that residents tended to purchase books rather than check them out from the library while most residents were content with the services provided at the existing city library.

Other surveys include:

Survey of Monrovia Residents Regarding City Hall Hours/Days of Operation (2007)
Survey of Fantasy Springs Casino (2003)
California State University's Proposed Institute for Commercialization of Advanced Technology (2003)
San Fernando Business Needs Survey (2002)
Long Beach Library Survey (2001)
Survey of the City of Duarte (2000)
Hewitt-Camp Survey of Mexicans (1999)
Claremont McKenna College Alumni Survey (1997)

Legal & Regulatory Analysis

The Rose Institute completes detailed analyses of complex legal questions among state, local, and tribal governments, private businesses and public utilities. Rose Institute staff and students have worked on projects that have addressed tribal sovereignty, the history and politics of the passage of the Indian Gaming Regulatory Act, solid waste disposal, transportation, housing, the Endangered Species Act, and water quality and availability. Studies typically incorporate the economic performance of each industry as well as the regulatory environment in which each functions. The Rose Institute has also conducted extensive research on constitutional issues, including the impact of a full-time legislature, redistricting and the history of initiatives in California. Legal and regulatory projects often culminate in conferences designed to further education on the topic.

Analysis of California v Cabazon Band of Mission Indians: Ralph A. Rossum, Ph.D., a leading constitutional law scholar and director of the Rose Institute, is currently completing a groundbreaking book on *California v Cabazon Band of Mission Indians* (1987), the Supreme Court case that enabled extensive Indian gaming. In *Cabazon*, the Supreme Court held that states are barred from interfering with tribal gaming – i.e., tribally sponsored, high stakes commercial

gaming businesses operating in Indian country with a primarily non-Indian clientele. It held that states have no authority to enforce their gambling laws on the reservations of federally-recognized tribes. While the Court had previously ruled that state laws may be enforced on Indian reservations if Congress has expressly consented, it found in this case that Congress had not consented to an assertion of state power either through Public Law 280 (1953), a federal statute that delegated criminal/prohibitory but not civil/regulatory jurisdiction over Indian tribes in California and five other states. In this forthcoming book, Dr. Rossum examines competing jurisprudential approaches to tribal sovereignty, the relationship of tribes to the federal government and the states, federal pre-emption analysis, and the proper approach to interpreting federal Indian law.

Tribal Gaming in California: This report examined the full impact of tribal gaming in California. Under the terms of existing tribal compacts, California tribal governments typically pay as much to the states as major public utilities pay to local governments. The study concluded that if California tribal governments were treated as California corporations, then they would likely pay less than what they were paying at the time.

Conferences

The Rose Institute has sponsored several conferences on a wide variety of topics. Conference materials include an individual binder or CD ROM for every participant with fold out maps, articles, and other pertinent scholarship on the issue.

The Rose Institute has sponsored six major conferences for the Coachella Valley between 1997 and 2004. These conferences focused on regional public policy issues including education, law enforcement, water, waste, tribal governments, and local governments. In addition to the conferences, the Rose Institute also conducted and published a quality of life survey every year for Coachella Valley.

The Rose Institute has sponsored three conferences on Towns and Tribes, covering important issues in how local and county governments interact with sovereign Indian tribes with law enforcement, education on legal jurisdiction, economic development, and intergovernmental communication. In addition to acting as the primary organizer and providing policy materials, the Rose Institute also tries to feature prominent keynote speakers at each the conference, for example Gray Davis, California's 37th Governor, who spoke at the Town and Tribes conference in 2002.

The Rose Institute has sponsored several conferences addressing the challenges of water conservation in

California. In January of 2002, the Institute sponsored a conference entitled "Southern California's Looming Water Challenges: Finding Solutions and Fostering Accountability." This conference focused on how to secure reliable water suppliers for new and existing customers over the next twenty years while balancing water needs among urban, agricultural and environmental demands. Water resource management and effective water regulation are prominent topics for state and local governments and will continue to be a top research priority for the Rose Institute in the years ahead.

The Rose Institute has also hosted conferences on solid waste disposal. In 2000 the Rose Institute held the "Managing Waste in Southern California: 2000 and Beyond" conference which was followed up in 2002 by the "Solid Policy on Solid Waste" conference. The means of disposal of solid waste and how it impacts the environment were key topics in both of these conferences.

Finally, the Rose Institute sponsored a conference in 2004 entitled "Governing California in the 21st Century." This conference focused on the constitutional spending cap and a term-limited legislature. The implications of both those policies on both state law and the operation of the legislature were discussed in detail.

List of sponsored conferences:

Trash 2000 (1989)
Managing Waste in Southern California, 2000 and Beyond (1999)
Regional Transportation Issues for the 21st Century: “Debottlenecking the Bottlebeck” (1999)
Salton Sea Conference (1999)
Time to Draw the Lines: Redistricting in 2001 (2001)
Affordability & Availability: A forum on the Housing Crisis in Southern California (2002)
Southern California’s Looming Water Challenges (2002)

Solid Policy for Solid Waste (2002)
Future of the Coachella Valley Conference (1998)
Future of the Coachella Valley Conference (1999)
Future of the Coachella Valley Conference (2000)
Future of the Coachella Valley Conference (2001)
Future of the Coachella Valley Conference (2003)
Future of the Coachella Valley Conference (2004)
Towns and Tribes: Public Policy (1998)
Towns and Tribes: Education (1999)
Towns and Tribes: Public Policy (2004)
Rose Institute Academy for Civic Engagement (2005)

Rose Institute Staff and Their Specialties

Ralph A. Rossum, Ph.D.

Director
Constitutional Law, Native American issues,
judicial issues

Florence Adams, Ph.D.

Associate Director
Redistricting, Survey research

Steven Frates, Ph.D.

Senior Fellow
Fiscal analysis, public policy analysis

David Huntoon, MBA

Fellow
Native American issues, survey research, economic
development and Institute outreach

Douglas Johnson, MBA

Fellow
Redistricting, state and local politics, GIS

Andrew Busch, Ph.D.

Senior Fellow
American politics, elections

Manfred Keil, Ph.D.

Fellow
Economic impact analysis, economic forecasting,
housing and development

Kenneth Miller, Ph.D

Fellow
State and local politics, judicial issues, the
initiative process

John Pitney, Ph.D.

Senior Fellow
American politics, elections

Joshua Rossett, Ph.D.

Senior Fellow
Financial analysis and modeling

Michael Uhlmann, Ph.D.

Senior Fellow
American politics and government, judicial issues

William Brown, Ph.D.

Fellow
Economic impact analysis, Native American
tribal gaming

D. Barton Doyle, Esq.

Fellow
Land use, Local government issues