

# **Casino Impacts and Schools**

## **A Case Study of the Agua Caliente Casino and Spa Resort Casino in Coachella Valley**

March 2004

This is a report from Support Our Children,  
a group of concerned parents and educators in Coachella Valley, California.

## **Key Findings**

Drawing from a case study of the Agua Caliente Casino and the Spa Resort Casino, both owned by the Agua Caliente Band of Cahuilla Indians in Palm Springs, this report details the costs imposed by the casino industry on the community's educational system through the industry's exacerbation of population growth and childhood poverty. It compares the current tribal contributions to area public schools to those that would be made to the educational system under a fair share agreement.

### **Education Crisis**

- Public school funding has been cut by more than \$4 billion in the past two years and faces another significant round of cuts
- California ranked 33rd in the nation in per student spending in 2000-01
- California has one of the highest student-to-teacher ratios in the nation: 20.8 students per teacher in contrast to the national average of 15.9 students to teacher. California also ranks as one of the worst states in providing students with access to counselors.

### **Sources of Education Funding**

- Approximately 40% of the state general fund goes to public education
- Approximately 40-50% of property tax goes to education funding (this includes money for the Education Revenue Augmentation Fund).

### **Casino Contribution to Education**

- If the Agua Caliente and the Spa Resort Casinos paid a fair share equivalent to corporate and property taxes, this would amount to, at a minimum, \$6-8 million a year in property tax, and approximately \$7.5 million in corporate tax.
- These fair share contributions would bring, at a minimum, \$6-8 million a year to education funding.
- Currently the Agua Caliente Band makes voluntary contributions to area public schools in the range of \$30,000-\$50,000 a year—about 1% of a fair share contribution.

### **The Costs of Poverty and Education**

- The State of California spent over \$1,829 million on school programs geared toward socioeconomically disadvantaged and low performing students. This does not include the more than \$2 billion spent on special education, disproportionately used by low-income children.
- Children of casino workers are likely to be poor or low-income. Based on wages earned at the casino, up to 70% of the children of Agua Caliente Casino workers, or 300 children, could qualify for subsidized school meals.

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## Introduction

### A California Case Study: Education in the Coachella Valley and the Impacts of the Agua Caliente Casino and Spa Resort Casino

In March 2003, the California government made mid-year cuts to public education totaling \$2.2 billion dollars. Another \$1.5 billion was cut from the 2003-2004 K-12 budget. Although much of the funding cuts are deferrals, from books to teachers, from library hours to new buildings, students will be doing without in the next few years. With 2/3 of school funding drawn directly from the state's general budget, the crisis has forced Californians to question how the state pays for education, what the cutbacks will mean for students and the larger community, and how dedicated we are to the health of our schools.

Even prior to the budget cuts, school districts across the state were struggling to meet demands posed by the growth in the number of students, and in the number of poor students.<sup>1</sup> Before the current crisis, in 2000-2001 California placed a dismal 33rd out of all the states in terms of per student spending at public schools. California spent an average of \$6360 per student, as opposed to a national average of \$7640. It is also "the worst in the nation in providing students with appropriate access to counselors, with one counselor for every 945 students. The national average is 485:1."<sup>2</sup> Despite class size reduction programs, in 2001-02 California still had one of the highest student-to-teacher ratios in the nation: 20.8 students per teacher in contrast to the U.S. average of 15.9 students per teacher.<sup>3</sup> Approximately 32% of teachers reported that they did not have enough textbooks to allow students to take them home for homework, while 12% did not have enough texts for classroom use. Schools in poor and minority areas were twice as likely to lack texts and other materials as schools in middle class areas.<sup>4</sup>

#### California's Rankings:

**33rd** of all the states in spending at public schools: public school funding has been cut by over \$4 billion in the past two years.  
**50th** in providing counseling: 1 counselor for every 945 students.  
**49th** in the number of students per teacher.

### Local Factors: Coachella Valley and the Casinos

But while our attention is drawn to the state to understand the crisis in education, we often overlook the importance of local factors in creating the problems that strain the educational budget: poverty and its associated symptoms, from hunger to developmental problems, imposes massive costs on schools. Low-wage

#### Tribal Casinos and School Funding

Between 40% and 50% of the property tax and 40% of the state's general budget goes to funding public education.

Neither the Agua Caliente Casino nor the Spa Resort Casino pay most state or local taxes.

jobs, like those available at most tribal casinos, are a primary contributor to poverty. And, when large tribal corporations that employ hundreds of people at low wages do not pay taxes or a fair share equivalent, they fail to mitigate the financial and human costs of their low-wage jobs. Taxpayers are forced to ante up for them.

Drawing on examples of the Coachella Valley and two major casinos, both owned by the Agua Caliente Band of Cahuilla Indians, this report offers a case study of the problems that a combination of growth and poverty creates for schools, and the ways in which these tribal casinos exacer-

bate these problems without contributing to school funding.

Approximately two hours east of Los Angeles, and running north-south at the feet of the San Jacinto and Santa Rosa Mountains, the Valley is known for the resort town of Palm Springs at its northern end; and its agricultural industry, which depends on migrant workers from Mexico, one and a half hours to the south.

The Coachella Valley is the fifth poorest region in the State. There are six Indian casinos in the Valley, with at least one more in the planning stages. One of the fastest growing industries in the state and in this region, the Indian casinos, as typical service industry employers, pay low wages. As we outline below, the average wage at the Agua Caliente Casino is approximately \$8.93 an hour, and children from a family of four living on the Agua Caliente Casino's average wage would qualify for subsidized meals at school.

Unlike most businesses, these tribal casinos do not help to mitigate the costs they impose on the community and on area schools.

Neither the Agua Caliente Casino nor the Spa Resort Casino, both owned by the Agua Caliente Band of Cahuilla Indians, pay local property taxes or state corporate taxes or a fair share equivalent. Their *employees* pay income tax, and have deductions taken from their checks for unemployment insurance and state disability insurance.

Approximately 40-50% of property tax collected is used to fund public education (including community colleges). Corporate taxes are one of the most important revenue sources for the state general fund. Approximately 40% of the general fund goes to support public education.

The Agua Caliente Band has made voluntary contributions to schools over the years. Their large gifts, given annually, have averaged around \$30,000 a year. In addition, they have supported schools with smaller monetary and other gifts. In comparison, as we show below, if these two casinos were non-tribal entities and therefore subject to taxes, they would be contributing, at a minimum, approximately \$6-8 million a year to the state's educational system (once the Spa Resort's expansion is completed). This contribution would come from the \$90 million Agua Caliente Casino, the expanded Spa Resort Casino, but our calculations do not include the related Spa Hotel.

In school districts like the three located in the Coachella Valley, where widespread poverty creates so many extra needs, taxpayers face hard choices: consider additional local taxes or suffer the consequences of a pared-down educational system that may leave students without the support that they need to succeed. The failure to provide our students, many of whom are low-income and most of whom are Hispanic, with a complete and enriching education is part of a recipe for continued family poverty and deep social and racial divides.

In addition to state budget cuts, the three school districts (Palm Springs Unified, Coachella Valley Unified, Desert Sands Unified) must deal with a longer-term potent combination of racially inflected family poverty and a high growth rate of 48% in the school age population over the past decade. The population

growth has led to overcrowding in school districts, and has meant a higher percentage of students who are poor, minority/immigrant and frequently not fluent in English.<sup>5</sup> Schools in the area are facing the need to provide more English language education, special education, tutoring and mentoring, and even health care and dental care to students.

The recent budget cuts mean a dearth of materials and supplies, a reduction in the number of English-language teachers and tutors, an overall reduction in teachers, fewer or no counselors, and the closing of alternative schools for at-risk youth. This has forced teachers to provide supplies to their students, while parents try to make up some of the shortfalls with personal funding.

For parents, especially poor ones, the cuts to school funding can mean personal, emotional and financial crises. Gina, a single mother of two, going through a divorce, and working full time at a hotel, recalls her daughter coming home with a note from her Palm Springs elementary school, asking for a donation,

from five to twenty dollars for supplies like crayons and paper. And I was thinking, I'm a single mom, a single mom with two kids, why do I have to supply them with that material when we always pay our taxes? I said, "I'm struggling as it is. You guys [her children] are even on free lunch."... Think about it: should I feed my kids or donate the money? The kids should come first. It hurts [being in that position].

Gina is lucky: the daycare program that her son attended is closed this year due to budget cuts, but her son is now in kindergarten. Other parents of younger children may face serious daycare difficulties.

For all taxpayers, from parents like Gina to wealthy retirees, to the teachers who work in the schools, the choices are stark: find the resources to support schools, or face the higher social costs down the road posed by a generation of young people who lack the skills to find a quality job that offers a family wage and decent benefits.

### **Beyond the Valley**

Coachella Valley experiences are not unique in California, nor are the problems created (but not mitigated) by Indian casinos unique to the state. Other communities are currently facing or should be prepared to deal with similar issues. At least 58 school districts host an Indian casino, and some school districts, like Grossmont Union High, Valley Center-Pauma Union, and del Norte County Unified, have more than one casino in their midst, while other districts have sizeable ones with numerous employees.

Across the state, residents who generally viewed casinos as an important component of Indian economic development are beginning to worry about the long-term effects, like skyrocketing populations and school crowding. In Hesperia, for example, supervisors of the school district voted to oppose a casino in their district because of the negative impacts. "The casino will reportedly bring 1,000 jobs to the community, which will mean more students for the district's already overcrowded schools. The community has resisted passing a bond to build new schools, and the district doesn't know how it would deal with more students,"

according to school board trustee, Jack Hamilton.<sup>6</sup> Schools will have to rely on taxpayers to fund bonds to cover the costs of additional students that the casinos bring to the area.

According to Robert Congdon, selectman of the town of Preston, Connecticut, California communities could learn from how school districts in his area have been affected by Foxwoods and the Mohegan Sun, two of the world's largest casinos, and both Indian-owned. In Norwich, the largest community close to Foxwoods, "there are 28 different languages spoken in the school system, which has an incredible impact on the cost of education," with schools scrambling to find educators able to communicate to such a diverse group to teach them English. Since spending on education has remained stagnant, this imposes a significant burden on the school district. Congdon also contends that, "with the advent of casinos, we are seeing more... families working non-traditional shifts and what appears to be a resulting fairly sharp increase in the amount of special needs students in the school system."<sup>7</sup>

"Twenty-five percent of our kids' parents work at the casinos,..." noted Michael Frechette, superintendent of Norwich Schools. With the growth of the industry and the school population, needs have increased, beyond English language education. According to Frechette, approximately 70% of his district's students now qualify for subsidized or free school meals.<sup>8</sup>

While Connecticut's local communities and schools may not be getting a fair share from the casinos, Indian casinos there do make substantial contributions to that state's budget. Unlike California, the Connecticut compact requires that the casinos contribute 25% of slot machine winnings to the state.

The evidence presented here may similarly be informative for those across California seeking to understand the impacts of tribal casinos on their communities and their schools. While communities are beginning to learn that negotiating with tribes prior to the development of casinos is essential, too often schools are left out of the equation.

## School Funding: Paying for our Future

Before looking in more detail at the problems of Coachella Valley schools and how the casinos exacerbate the situation, we need to explain how schools are funded and what tribal casinos must currently contribute to public education.

In simple terms there are two major elements to a school's budget: a) revenue limit or general budget, which pays for most teacher salaries, supplies and materials; b) categorical aid budget for programs targeted to specific student populations.

### Revenue Limit or General Budget

The revenue limit budget is the most significant portion of the overall school budget. There are two major sources of funding for the revenue limit budget:

- 1) The state general fund, about 40% of which is devoted to public education;
- 2) Local property taxes, approximately 40-50% of which goes to education funding. (This includes a portion that goes to the school districts, and to the Education Revenue Augmentation Fund.<sup>9</sup>) This money is not simply handed over to the schools, but is channeled through the state and the counties, which apply a complicated formula to determine the amount of property tax a school district receives.

Each district receives a certain amount of funding per student based on the number of students in average daily attendance (ADA). When property taxes are insufficient to meet the school district's revenue limit funding, as is usually the case, the state takes the remainder needed from the general fund to reach the school district's limit. In some districts then, property taxes may cover 75% of the limit, while in districts with low property tax revenue, property taxes may cover only 20% of the school's budget, with the general fund contributing 25% and 80% respectively.

The state's goal is to keep the variance between wealthy and poor districts below \$100 per student ADA, but in reality there is a significantly higher variation. That is, poor districts receive a lower per student amount than do wealthy districts. And this inequality may increase in tough economic times when the state does not provide the equalization amount (needed to bring poor districts within \$100 of wealthier districts), as is currently the case.

The majority of districts therefore rely on both the general fund and property taxes. (The exception is for basic aid districts, described below.) Thus, property taxes, along with corporate and bank taxes, sales taxes, and all forms of revenue that enter into the state's general fund are fundamental to schools' health. Districts may, however, try to augment what they receive by raising local funds through parcel taxes—special, voter-approved property taxes. (These may be difficult to pass, since they currently require two-thirds of voter support rather than a simple majority.)

There is one obvious inherent inequality in the system: when Proposition 13 limiting property taxes was passed, between 50-60 wealthy districts opted out of the revenue limit approach to school funding, choosing instead to rely solely on

their property taxes for their school budget. Until this year, those districts, called ‘basic aid districts,’ continued to receive approximately \$120.00 per student from the state. During good times these districts generally have enough money to cover enriched programs, and offer arts and music, and during economic crises they are better able to weather the storms, provided that property values do not decrease substantially. These districts often rely on voter willingness to support parcel taxes to keep school programs operating during difficult financial times. These districts may also opt in and out of basic aid status, depending on whether their property taxes are sufficient to cover the costs of the education.

### **Categorical Aid**

Funding for other programs, such as special education and other targeted educational efforts, is called ‘categorical aid’. These programs are largely—although not completely—supported from money that comes from the state or federal government, and do not draw funds from the revenue limit budget (a school district’s general budget). Each district receives a different amount of categorical aid depending upon its needs and its willingness to apply for special funds. (Below we discuss the fact that special education, the largest categorical aid expenditure, is partially funded from a school district’s revenue limit budget.)

### **Paying for School Construction**

While much of the attention about the budget cuts has been appropriately directed toward the direct impact on the classroom, a school district’s capacity to keep up with population growth is also important to the quality of education that students receive, and, to their self-esteem. Lack of buildings means crowded classrooms, and difficulty implementing classroom reduction programs. Old buildings also render certain activities, from science experiments to using technology and becoming competent in key areas, like computers, impossible.

Being clustered into older buildings also affects student self-esteem. As Mike Rosenfeld, a life-long Coachella Valley resident, and teacher with more than 20 years of experience notes, while the crowding can heighten tensions amongst students, “the kids who come to old schools know that they’re getting ripped off. The buildings are run-down, the air conditioners are noisy, the equipment is old, and when the kids see newer schools, they just know that they’re not as important.”<sup>10</sup>

School districts pay for renovations to old buildings and the construction of new ones through a combination of developer fees, bonds, and matching state funds that are not part of revenue limit or categorical aid. Generally, districts must raise 50% of the costs of the new buildings and then receive a matching amount from the State. Currently, California school districts can levy developer fees of \$1.93 per sq ft of new residential property and \$.31 per sq ft of new commercial property. Or, if they meet certain eligibility requirements, they can levy fees that cover 50% of the cost of school construction in order to obtain the state matching grants.

The other source of funding is bonds, which can total 70% of the assessed property value of a district. Districts with low property values, and/or with a con-

siderable amount of property that is exempt (low-income) or Indian land (not taxable), and thus not subject to developer fees, have difficulties meeting the 50% requirement. In that case, districts have to go through a timely—and sometimes expensive process—of requesting hardship funds from the State.

### **Portables**

For the three districts, but particularly CVUSD, a low property tax base, combined with high growth rates that may be related to the expansion of the tourism and service sectors, has led to overcrowding. Districts do not have enough money to pay for the necessary building expansion to house all the new students. Because construction cannot keep pace with the actual or projected growth of the student body, schools are increasingly dependent on portable classrooms.

Portables are poor substitutes for new, permanent buildings. Since the school districts must rent them, either from the State or a private company, this means that money that could be geared toward the construction of new buildings is being spent instead on providing temporary classrooms. Most of the portables are leased from the State, at a cost of \$4000.00 per year, per unit. In CVUSD approximately 50% of its classrooms are portables.

## Casinos: Building a New Relationship?

### Sovereignty, Taxes, and Federal Compensation to School Districts

Historically, tribal members and tribal businesses on reservation land have not had to pay state or local taxes. They do not pay property taxes, corporate taxes, or a host of other smaller taxes that contribute to the funding of schools. This is a matter of sovereignty.

As nations that have historically engaged in treaties with the federal government and previous colonial governments, it was determined in a major legal decision in the mid-1800s that tribes were semi-sovereign, or ‘domestic dependent nations’. In practice this means that they are subject to the federal government, but states have typically had a more limited jurisdiction over them. Despite the practical limitations on their sovereignty, tribes have long struggled to maintain the right to envision and act on cultural and political values, and to follow paths of development that can renew their material wellbeing. Often, when tribes claim ‘sovereignty’, they are making more than a statement of legal standing: it is a term that describes the desire, and the moral right, to set a path for the future without interference from those who colonized them.

It is often assumed that tribes ‘get something for nothing’ because they do not pay taxes but do receive federal and some state funded services. Nothing could be more wrong. This is part of treaty history. Most often under duress, tribes have had to sign away rights to land and resources ‘in exchange’ for on-going care and provisions from the government(s). This includes services like education, health care, and other social services, many of which were and are inadequate and culturally and psychologically destructive. For many if not all tribes, revenues from gaming facilities have allowed them to establish their own schools or provide scholarships for higher learning, build cultural facilities for their own members and the public, and provide adequate health insurance for tribal members.

The concern here is *not* about whether the schools are adequately compensated for teaching *Indian children*: public schools can receive special federal assistance to fund programs and educational efforts specifically geared toward American Indian students and, depending on the number/percentage of Indian students in the district, can receive other funds for their general budget.<sup>11</sup>

Rather, the fast development of large tribal corporate employers, like casinos, whose workforce is largely non-Indian, creates negative impacts for the rest of the community that the schools must then help to address.

### A Qualitative Shift: Interdependence

The advent of the tribal casino industry presents a qualitative shift in the relationship between the tribes and their neighbors, as the casino corporations become a major presence in the social and economic landscape. It is one of the fastest growing industries in the state, and is offering strong competition to established gambling cities like Las Vegas and Reno. According to an industry analysis, between 2001 and 2002 Indian gaming revenue in California increased by 17.2 percent, from \$2.92 billion to \$3.43 billion. According to that study, California Indian casinos also made nearly \$400 million in non-gaming revenue last year.<sup>12</sup>

Even this estimate may be low. Revenues are now approximately \$5-6 billion a year, according to gaming industry expert, William Eadington.<sup>13</sup>

Over the years we have developed regulatory strategies to ensure that all businesses partially mitigate the costs of their impacts. Due to tribal sovereignty, however, casinos do not have to bear the costs of their negative impacts like other businesses.

Many tribes have signed Memorandums of Understanding (MOU) with nearby communities, thereby recognizing that responsible sovereignty involves mitigating the impacts of casino developments on their neighbors. Tribes that have signed MOUs include: the Rumsey Band of Wintun Indians, United Auburn Indian Community, Picayune Rancheria of the Chuckchansi Indians, Tuolumne Rancheria Band of Me-Wuk Indians, and the Torres-Martinez Tribe of Desert Cahuilla Indians.

The Federated Indians of the Graton Rancheria have offered to pay \$1,000,000 a year to the Cotati-Rohnert Park Unified School District as part of a fair share deal for a proposed casino.

## Casinos, Taxes, Schools

Any fair share agreement between tribal casinos and school districts or the State has to be based on an understanding of the taxes that a regular corporation pays, and what percentage of these taxes goes to education.

As the chart at right shows, a corporation pays sales tax, a corporate tax and a portion of the payroll tax to the State's General Fund. About 40% of the General Fund goes to public education. In addition, a portion of taxes are paid by employees, including contributions to unemployment and disability insurance. A corporation that holds property also pays property tax, which is considered a local tax. However, approximately 50% of property tax now goes to fund public education. A corporation also pays a host of other local taxes, such as the local portion of the sales tax. These contribute to the local government but not directly to education.

Indian casinos do not pay most state taxes. As the second chart shows, the Spa Casino (and the Agua Caliente Casino as well) do pay a portion of the payroll tax. But they do not pay the corporate tax or the property tax. Nor do they pay most other local taxes. The Spa does pay an amount in lieu of the hospitality tax, called the transient occupancy tax. This goes to the City of Palm Springs, not to education. Some other casinos have come to agreements with local governments about paying all or most local taxes or a fair share equivalent, but these do not necessarily fund schools.

### Calculating A Fair Share Contribution for the Agua Caliente Casino and Spa Resort Casino

If Indian Casinos paid taxes, the Agua Caliente Casino and Spa Resort Casino would contribute, at a minimum, between \$6-8 million annually to education through property taxes and through corporate taxes that go to the state general fund.

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\*State Disability Insurance, Unemployment Insurance and Income Tax are paid by employees and withheld by the corporation from the employee's paycheck. Corporations also pay a portion of the payroll tax.

#### **A regular corporation pays:**

##### **State Taxes (40% goes to public education)**

- ✓ Sales and Use Tax
- ✓ Bank and Corporate Tax
- ✓ Employees' SDI, UI, Income Tax\* (employer portion)

##### **Local Taxes**

- ✓ Property Tax (50% goes to public education)
- ✓ Transient Occupancy (hotel) Tax
- ✓ Business License Tax
- ✓ Utility Users Tax
- ✓ Local Portion of Sales Tax

#### **Spa Resort<sup>14</sup> Casino pays:**

##### **State Taxes (40% goes to public education)**

- ✓ Employees' SDI, UI, Income Tax\* (employer portion)

##### **Local Taxes**

- ✓ Contribution to City of Palm Springs in lieu of Transient Occupancy (hotel) Tax: \$700,000/year

To Education from Property Taxes: \$3-4 million  
from State BCT: \$3 million  
from State Sales Tax: \$95 thousand\*

How we arrived at these figures:

### Property Taxes

The Spa Resort Casino in downtown Palm Springs, once it's \$400,000,000 expansion is completed, would be worth at least \$500,000,000-\$600,000,000.<sup>15</sup> At a 1% property tax rate (excluding the city and various water district and other taxes), the Spa Casino would be paying approximately \$5.5 million in property taxes a year. In Riverside County, approximately 50% of property tax goes to education funding. In this case, that would be \$2.75 million. This is a very conservative estimate. Since the Spa Casino has as many slot machines as the Agua Caliente Casino, it is likely, based on our calculations of the revenue generated by the Agua Caliente Casino (see below) that the Spa Casino is already worth well over the \$90 million-\$100 million that it cost to construct the new building. Based on revenues from slots, the current value of the Spa would be at least equivalent to that of the Agua Caliente Casino.

**If the Agua Caliente and Spa Resort Casinos paid a fair share...**

Property taxes: \$6-8 million  
Corporate taxes: \$7.5 million  
Portion to public education: \$6-8 million

The Agua Caliente Casino, in Rancho Mirage, which cost \$90,000,000 to build, would pay property taxes anywhere from \$900,000—a very conservative estimate—to \$4 million. While the \$900,000 is based on a 1% tax on the costs of construction alone, we do have estimates that the profit from the slots at the ACC amount to approximately \$33 million.<sup>16</sup> Estimating an 8% capitalization rate, the property value is close to \$400 million dollars.<sup>17</sup> We can conclude that the ACC would be paying between \$2-4 million in property taxes a year. Taking a conservative stance, we can conclude that the ACC would be paying \$2.5 million in property taxes a year, with \$1.25 million going to education.

**From the \$6-8 million in property taxes, The Spa Resort Casino and the Agua Caliente Casino would be contributing approximately \$3-4 million to public schools a year.**

### Corporate Taxes

Without taking into account the tax breaks that corporations receive, how much would these two casinos contribute to the general fund from sales and bank/corporate taxes?

The current bank and corporate tax (BCT) rate for the state is 8.84% of a corporation's profits. We estimate, based on revenues *from slot machines alone*, the Spa Resort and the Agua Caliente Casino combined earn \$85,000,000 annually in profit.<sup>18</sup> A tax rate of 8.84% on that would bring \$7,514,000 to the general fund. Since 40% of the General Fund goes to education, we can estimate that the

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\*This figure is based only on expected sales from The Spa Resort Casino, and does not include any sales tax estimates from the Agua Caliente Casino.

casinos' contribution to education that they would make through the BCT would amount to \$3 million.

Sales tax is much harder to estimate, given the lack of public data from the casinos. But the city estimated that in its first year of operation the expanded Spa Resort Casino would make \$5,000,000 in sales: 4.75% of the sales tax goes to the state general fund. Thus, the Spa Resort Casino would be contributing \$237,500 in its first year to the general fund-and 40% of that to schools.

### **Construction Fees**

In the last section we explained how developer fees helped cover the costs of school construction. These are fees that are levied by the school district, not by local or state government. Therefore, we did not account for them above. Because the standard fees levied on commercial construction are fairly low, the amount garnered from casino construction would be limited. Perhaps more important are the residential development offshoots of casino wealth. For example, the Cabazon Indian Sands development in CVUSD, which will have over 500 single-family homes, will not contribute development fees to the school districts because it is on reservation land. The growth spawned by the casino industry, therefore, comes without the property taxes and developer fees that help to fund adequate school expansion.

### **Comparisons: Current Agua Caliente Contributions to Schools**

According to newspaper reports, Tribal press releases, and data from PSUSD's business office, the Agua Caliente Band has regularly donated to schools in the Palm Springs region, with annual contributions to the PSUSD of \$25,000 and \$30,000 over the years, a \$10,000 contribution to the San Jacinto High School, and \$25,000 contributions to Landau Elementary School.<sup>19</sup> These are not the total of their contributions, since they regularly make smaller gifts to individual schools. We can estimate that their larger gifts average about \$30,000. Even if we assume that total gifts come to \$50,000 a year, this means that their annual contributions to area schools are about 1% of the amount that they would be paying if they paid taxes or the equivalent thereof.

#### **Agua Caliente Donations to Area Schools**

Current contributions are about 1% of what the amount would be if they paid taxes or a fair share equivalent.

## Understanding the Problems: The Context and the Casino Role

The growth of the tribal casino industry does not necessarily create new problems, but exacerbates existing ones: fast growth, poverty, and racial divides. But while other businesses that also create problems abide by regulations and pay the taxes that help mitigate the costs imposed on society, tribal casinos do not.

### Growth and Poverty in the Valley: Putting Pressure on Schools

Between 1990-2000 Coachella Valley has grown quickly, its population increasing by 38%. Cities like La Quinta grew by 111%, while most other cities were in the 30-40% growth range.<sup>20</sup> The under-eighteen population has increased by 48%, meaning a rapid growth in the student population. From 1990-2000, CVUSD's school enrollment grew by 40%, PSUSD's by 44% and DSUSD by 46%.<sup>21</sup> The Coachella Valley District is growing by about 5% annually (approximately 750 students), and is anticipating double-digit expansion in the next few years.

School enrollment in the valley grew by more than 40% between 1990-2000.

Low housing and land prices, a possible commute to surrounding Orange, Los Angeles and San Diego counties for work,<sup>22</sup> and the continued appeal of the Valley to retired people may explain part of this growth. Families are also drawn here to fill the jobs offered by the tourism and service industry.

### Tourism Industry: Seeking Workers

As the tribal casino and other tourist industries grow, they bring families into the valley to work low-wage jobs. The tourism and hospitality industry in the Valley "has grown tremendously in recent years," according to Michael Bracken of the Coachella Valley Economic Partnership.<sup>23</sup> Casino industry growth has contributed to this in-migration of families. With low-wage tourism sector jobs plentiful and service workers scarce, employers had to seek workers from outside the Valley. "It's a tight market in the Coachella Valley. There's more jobs than there are people," said Grady Witcher, assistant director of human resources for the Spa Resort and Casino in 2001. Thus, the Casino advertised job openings and held job fairs in other states as well as in California.<sup>24</sup>

**Tribal casinos contribute to growth**  
In 2001, The Spa Casino held job fairs out of state to attract workers and their families to the area.

Approximately 24% of the current population in the PSUSD and DSUSD were living in another county, state, or country in 1995. Approximately 15% of the CVUSD's population was living in a different county, state, or country in 1995 (although that district has a greater percentage of people who moved to the area from another country than do the other two districts).<sup>25</sup>

### Poverty Rates and Poor Children

A burgeoning population has not made the valley wealthier. Rather, the poverty rates in the Valley remain high, with one in six people considered poor by federal standards. While east valley cities like Coachella and Indio are poorer than west valley cities, poverty is evident even in Palm Desert, where 9% of the people are poor.

A low-wage service economy, “keeps a lot of families living in poverty,” according to Fourth District Supervisor Roy Wilson.<sup>26</sup> Examples of fast growth and high poverty can be found in other areas that have depended upon casinos. Tunica Mississippi, for example, the third largest gambling center in the nation (after Las Vegas and Atlantic City) has also experienced high growth in the tourism/casino industry with continued high rates of poverty.<sup>27</sup>

Like other service employers, casinos pay low wages. For example, the Agua Caliente Casino workers’ actual average hourly wage (not counting tip income) is estimated to be about \$8.93—less than \$18,000 a year—hardly sufficient to support a family. The federal poverty guideline for a family of four in 2003 is \$18,400. But the California Budget Project estimates that a family of four with two working parents, living in southern California, needs to earn \$50,993 a year to achieve “a modest standard of living” *without government support*.<sup>28</sup>

**Low-wage service economy and child poverty**

- 23% of children living in the Palm Springs School District are poor.
- 21% of children living in the Desert Sands District are poor.
- 41% of children living in Coachella Valley District are poor.

**Child poverty and low wages**  
More than 2 in 3 poor California children, and 4 in 5 low-income children, live in working families.

**Estimated average wage for an Agua Caliente Casino worker:**  
\$8.93/hour, less than \$18,000 a year.

Low wages and poor working families are one of the main reasons that childhood poverty is on the increase. Children under 18 are disproportionately poor. Throughout the state, the children of immigrant families are far more likely to be poor than are native-born children. The majority of impoverished immigrant children are being raised in two-parent working families.<sup>29</sup> In the DSUSD, 21% of children are poor, in PSUSD, 23% of children are poor, and in CVUSD, 41% of all children are poor.<sup>30</sup>

**Growth, Race, and Poverty**

The Hispanic population is the underpaid backbone of the services industry. As tourism has expanded, so too has the Hispanic population in the valley. Hispanic students are now the majority in all three school districts. The number of Hispanic students in the PSUSD grew by 100%, increasing from 5894 to 12150 between 1990 and 2001. At the same time, the number of White non-Hispanic students remained steady at about 6500. DSUSD saw an increase of 67% in its number of Hispanic students, while the comparable increase for White students was 19%. Due to the low wages earned by their parents, Hispanic students are more likely to be poor than are White non-Hispanic students.

**Family median income by school district (Census 2000)**

California: \$53,025  
 PSUSD: \$41,445  
 DSUSD: \$49,849  
 CVUSD: \$27,061

**Family Incomes by Race by School District (1999), Census 2000**

District	White Non-Hispanic	American Indian	Hispanic
CVUSD	\$44,417	\$18,958	\$25,779
DSUSD	\$62,252	\$43,750	\$33,376
PSUSD	\$49,925	\$43,750	\$30,803

Hispanic families earn less than White non-Hispanic families in all three of the school districts. Notable, however, is that in the two wealthiest areas, Hispanic families earn less than American Indian families.

The employment pattern at the casinos provide an example of how this divide is institutionalized. Fifty percent of workers at the ACC are Latino (and another 12% are Filipino), yet, according to survey data, they disproportionately fill janitorial positions, a lower-paid position.<sup>31</sup>

### Signs of the Times: Subsidized School Meals

When work does not pay enough to feed a family properly, schools and taxpayers must step in to provide necessary nutrition to children whose parents face the agonizing choice between food and rent. During the past decade there has been a significant jump in the number of children who qualify for subsidized school meals.

**Percent of Children who qualify for Reduced and Free Meals<sup>32</sup>**

District	1990	2001	%Change
CVUSD	71%	90%	+29%
PSUSD	31%	60%	+100%
DSUSD	36%	49%	+36%

### Casino Employment and Subsidized Meals

To qualify for a reduced price meal, a four-person family has to earn \$32,653 a year or less. Anywhere from 41% to 70% of the children of casino workers at the Agua Caliente Casino could likely qualify for subsidized meals.

If all the employees at the casinos earned the average wage, and they were the sole income earner for their family, all the children of Agua Caliente Casino workers would qualify for meals. (This holds true even if the worker earned \$11.00 an hour, the amount that Exponent, an Agua Caliente-hired firm, claims is the average wage.) Using survey data,<sup>33</sup> we estimate that, *based on wages earned at the casino*,\* 70% of children, or 300 children of ACC workers qualify for reduced-price meals. Approximately 41% of the children of ACC workers surveyed are being raised by a single worker, all of whom earn so little that their children are likely to qualify for free meals. A slim majority of the children in the sample are being raised by a worker who earns less than \$8.05 an hour. Even if we assume that married workers in this category have a spouse who earns the same amount as they do, the combined income of \$16.10 an hour, at 38 hrs a week/50 weeks a year (\$30,590 a year), still means that the average two-child family qualifies for subsidized meals. If we aggregate these two groups, approximately 300 children (70%) from the employees of one casino can qualify for meals.

**Agua Caliente Casino wages and school lunches**  
 Between 175-300 (40-70%) of ACC workers' children likely qualify for school meals.  
 From the ACC and Spa casinos there are likely 300-600 children of workers who qualify for subsidized school meals.

We can assume that the same would hold true for the Spa Resort Casino. With a similarly sized workforce, the two casinos owned by the Agua Caliente could be sending as many as 600 students to school who qualify for reduced/free meals.

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\*We cannot state that these children do qualify for meals, since we have incomplete data about second jobs held by a single parent, or the real earnings of spouses. Thus, these estimates are based on the wages that are earned at the casino. However, it is relatively unlikely that a single parent could earn substantially more at a second job.

## Schools: The Costs of Poverty

The costs of poverty are high. Poor students do not fare as well in school, costing them opportunities and a way out of poverty. Poverty costs the educational system-and taxpayers-who support a wide variety of programs, from school meals to special education: the State spent \$1,829.9 million in 2002-03 on programs directed to poor (and immigrant) children. This does not include English language teaching or special education. Poverty costs all students, for whom music, arts, drama, field trips and other educational experiences become less and less likely given the percentage of categorical funds that are needed to address the symptoms of poverty. All children forfeit a well-rounded education when tax dollars must be spent addressing the problems that are so often attributable to low wages.

### English Language Learning and the Cycle of Poverty

Providing poor students with the potential to succeed in school and escape poverty is complicated when a high percentage are not English-proficient.

Throughout the Inland Empire there has been a 656% increase in the number of students classified as English Language Learners (EL).<sup>34</sup> In CVUSD, 71% of enrolled students are considered EL, while the corresponding rates for PSUSD and DSUSD are 31% and 28.6% respectively, all more than the Riverside County average of 22.3%. These percentages probably underestimate the number of students who really need English language education.<sup>35</sup>

Poverty makes it harder to learn English as a second language.

**Percentage of students who are English language learners:**

PSUSD: 31%  
CVUSD: 71%  
DSUSD: 28.6%

Taxpayers support the teaching of English through special funds that come from both the state and federal government. In 2002-03 California received \$1.4 billion in federal Title I funds for EL students, and \$115.3 million for bilingual and immigrant programs. The state spent \$536.9 million on English language programs. Are these funds sufficient? One of the largest programs, the state's English Language Acquisition Program, for example, (approximately \$53 million for 2002-03) is restricted to grades 4-8. It thus excludes younger students despite the fact that they may learn languages more readily than older students.

Due to poverty and parental lack of education, many minority and immigrant students arrive at school without school-ready language skills, *even in their native tongue*. There is a correspondence between lack of English and poverty status: approximately 85% of the \$423.9 million of Economic Impact Aid funds from the State to schools, for example, are used for EL students.<sup>36</sup> Students who are not proficient in their mother tongue have a much harder time learning a second language.<sup>37</sup> This is true even of students who were born here, but whose first language is not English.<sup>38</sup> More affluent immigrant groups thus have an easier time learning English.

The budget crisis is leading schools to cut or scale back their English language teaching programs. In their list of proposed budget cuts, PSUSD, for example, placed a cut of 3 full-time English language-development teaching positions near the top of its list.<sup>39</sup> New federal policies that tie funds to success on standardized

tests will likely lead to more cuts for those schools that need the extra assistance the most. Schools that have a higher percentage of EL students will not fare as well on standardized tests. But these tests assume that a Beverly Hills high school student is the same as one in Desert Hot Springs or Coachella, thereby “legislating away language and poverty as if they don’t exist.”<sup>40</sup>

### **English and Academic Success**

The costs of not learning English are high, for students and the community. Fluency in English is essential to academic success. Even when EL students are tested and deemed proficient in English (Redesignated Fluent English Proficient, or RFEP), they continue to fare poorly on exams in comparison to native English speakers.<sup>41</sup> For example, of the grade nine students from Cathedral City High School who took the high school exit exams in 2001, 70% of those who were initially deemed fluent in English, and 76% of English-only speakers passed the English-Language Arts exam, but only 46% of RFEP students did. Similarly, on the Mathematics exit exam, 51% of English-only speakers passed, while only 18% of RFEP students did.

The costs to the students and the greater community of not being able to graduate are severe: educational attainment is directly related to future wages and the likelihood of poverty. Currently, 49% of California children being brought up by parents without high school degrees are poor.<sup>42</sup> The prospects for students who fail to graduate are increasingly limited, with even low-wage service sector employers like the Spa and Agua Caliente Casinos requiring high school degrees or GEDs for employment as a cook, prep cook, bartender, waitress, cashier, and hostess, jobs which pay more (or are tipped positions) than janitorial and maid work. Like their parents, these young people, mostly minority, will be unable to find jobs that will support their families adequately, and the cycle of poverty will continue.

### **Schools: the new social services centers**

“We are the center of a lot of parents’ social and economic stability in some ways....[W]e feed students. We are now working to provide health care, we provide dental care,” observes Foch Pensis, Superintendent of Coachella Valley Unified School District, noting that schools are becoming social services centers.<sup>43</sup> When low-wage jobs do not provide access to affordable health or dental care, the state and the public must step in.

In 2002-2003, California spent \$1,829.9 million on school programs that were ‘accessible to socioeconomically disadvantaged students, low-performing students, and EL students (this does not include the programs specifically geared toward teaching English to English language learners).<sup>44</sup> Federally funded Head Start, which provides medical and dental care, along with early childhood education, provided \$801 million to poor students in 2001-2002.<sup>45</sup>

The physical traumas of poverty are more visible and quantifiable than are the emotional stresses. Under-nourishment is related to anemia, and is also apparent in the increase in obesity, a contributing factor in diabetes. Poor housing conditions (mold and decay) contribute to an increase in asthma.

The less visible but equally important problems are emotional and psychological, ranging from development issues (discussed below) to lowered expectations for the future. In the more urban areas of the Valley, children from low-income families are likely to live in crowded houses, perhaps with extended families or friends, or may not have a stable housing situation at all. Amongst Agua Caliente Casino workers, for example, 35% of households with children are composed of five or more members. Approximately the same percentage of households are larger than the immediate family (spouse and children), suggesting that households with children often include other family or friends.

The median wage of a casino worker is far less than that which is required to find a sufficiently large and well-maintained rental unit. The median price of a rental unit in Coachella Valley is \$839.00, and in Palm Springs, according to Census 2000 data, the average rental unit costs \$631. According to survey results, the average Agua Caliente Casino worker earns about \$1500 a month. The average rental unit is over 40% of a casino worker's salary.

**Housing-poor**  
The average Agua Caliente Casino worker would have to spend 40% of his or her salary to afford an average rental unit in Palm Springs.

Describing the cramped living conditions of poor high school students in Cathedral City, where the majority of Agua Caliente Casino workers live, Rosenfeld observed that “the student may be sleeping on the floor because the uncle’s family has the bedroom...maybe all the adults work, but the kid has no place to study.”<sup>46</sup>

In CVUSD, a growing number of students live in one of the three hundred trailer parks, where “the kids are breathing in mold, dust, cockroach feces” and the “kids have no place to study or even leave their books,” according to teacher Elizabeth Lupian. It is “a small miracle that most of these students come to school each day”, she says. “When you see where they live you understand why they didn’t do their homework. There’s no room. Many times they spend the rest of the day taking care of their siblings, or cooking because their mom is at a second job. They don’t think of getting a degree. They know that they’ll work in the fields or cleaning hotel rooms or at resorts...”<sup>47</sup>

### High Needs, Special Education and Mentoring

Schools attempt to mitigate the psychological effects of poverty through special education classes, tutoring, mentoring and counseling. Special education can be a sizeable portion of a school budget in poor areas. Much of the assistance comes from categorical aid (federal or state funds that are earmarked for specific programs, such as special education, and other economic impact programs), which is a rapidly increasing percentage of state-provided school funding. For 2003-2004, the governor proposed that \$2.66 billion dollars be used for special education.<sup>48</sup> Because of the budget crisis, this is a reduction of \$52.1 million from the 2002-03 budget estimate.

However, special education classes, which a school district *must* provide to those in need, encroach on the general educational budget. That is, while the state funds the majority of the special education program, the districts must make up the remaining 8-10% by drawing from its general educational budget. For exam-

ple, this year the CVUSD's special education budget is \$6,332,000, with \$500,000 coming from the district's general fund.

Children from poor and low-income families are disproportionate users of special education. Those growing up in families at or below 200% of the federal poverty level, and minority children, face more stressors that inhibit the emotional and social development necessary for school readiness.<sup>49</sup> Numerous studies have also shown that along with lead poisoning (related to poorly maintained housing) and fetal alcohol syndrome, a "leading environmental cause of child disability is undernourishment": children who are not fed properly experience late mental and social development, and/or irreversible harm.<sup>50</sup> They are therefore more likely to exhibit behavioral problems, or have learning disabilities.

Tutors and mentors are also key to assisting students dealing with the social stressors of poverty, providing intensive one-on-one opportunities that may substitute for parental involvement. (Although the latter is one of the best indicators of student success at school, many low-income children have working parents, and parents may lack the educational background to help their children.) According to teacher Lori Ann Wiseman, mentors (often older students who 'buddy' with a younger one) "don't just help with reading-they're someone who the younger ones look up to and listen to.... They [the younger ones] feel like they're special."<sup>51</sup>

While volunteer programs may continue, they are more likely to run into difficulties staying afloat: counselors, who are often the facilitators and organizers of the programs, are facing cuts.

Beyond organizing the tutoring and mentoring, counselors are important players in the system of support, acting as mediator between families and teachers, offering teachers ideas of how to reach students who are having problems, and facilitating the mentoring and tutoring programs. But as the statistics cited above show, California as a whole lags behind the nation in funding counselors. In poorer districts that have never been able to afford a good counseling program, but where counseling is the most needed, the budget makes it much more likely that counselors will be cut, as in CVUSD, because the program is already so 'thin'.<sup>52</sup>

### **Graduation?**

Despite the best efforts of educators, staff, and administrators, many schools continue to have high attrition rates. Cathedral City High School, for example, 'loses' 50% of its students between freshman and senior year. While some of these students have moved from the area and may attend other schools, the school district often does not track what happens to students who leave rather than 'fail'. Of those Cathedral City High students who graduate, only 25% are headed to a college program.<sup>53</sup> Statewide data shows that at the end of the 1990s there was a 33% dropout rate in California-the third worst in the U.S.

## **From Budget Cuts...**

While all children deserve a chance to succeed, the budget crisis makes that increasingly difficult: districts have seen major cuts to their general budgets as well as categorical programs designed to help specific groups of children.

Facing tough choices, PSUSD, for example, has had to reduce its budget by approximately \$6 million, leading it to cut English language education teachers, corrective reading teachers, close the Ramon Academy (an alternative high school that was helping low-achieving students), in addition to reducing funds for library acquisitions. PSUSD also put off the opening of the new Rio Vista Elementary School, allowing it to defer the hiring of new teachers (but keeping classes more crowded than they would have otherwise been). DSUSD, forced to reduce its budget by \$4.5 million, has increased its student-to-teacher ratio, leading to more crowded classrooms. CVUSD, the most fiscally cautious in the past few years, has nonetheless had to cut \$3 million, leading it to eliminate its counselor program in elementary and middle schools.

Students are facing larger classrooms, fewer teachers, less access to computer technology, and reductions in programs geared toward those at risk, and, for those who are gifted. Seniors in some high schools, like Palm Springs, may find themselves having to pay for classes at the community colleges in order to graduate, since these required classes have been filled by an unexpected influx of students, and there is not enough space or money to provide for extra teachers.

Teachers are trying to make up some of the loss, often providing school supplies, from crayons and art materials to books, at their own expense. Parents who can afford to are also contributing. But they cannot make up for increased class sizes or cuts to counselors or reading tutors, or limited library hours.

And the budget crisis is not over. Schools are bracing for another round of cuts that may force them to let more teachers go, cut back reading programs and other 'non-essential' programs like music or art, increase class sizes, cut library acquisitions even further.

## **...to Understanding Tribal Casino Impacts: Conclusion**

The budget cuts are forcing us to ask questions about how we fund schools, and whether we are all doing our part to make sure that our children receive a good and well-rounded education.

Like other low-wage employers, tribal casinos like the Agua Caliente Casino and the Spa Resort Casino are contributing to childhood poverty by failing to pay family wages. Childhood poverty imposes tremendous costs on the educational system. Children from poor families are less likely to succeed at school without costly interventions. In California, taxpayers paid \$1.829 million in 2002 for programs to help the economically disadvantaged. This does not include the over \$2 billion being spent on special education, which poor students disproportionately use. As more money has to be funnelled toward addressing the symptoms of poverty, all the children suffer as schools struggle to meet these most pressing needs, and begin to regard music and theatre, or enriched science, as a luxury. When hugely profitable corporations fail to pay family wages, we all pay the costs.

But while other low-wage employers at least pay to mitigate part of the costs that they help to create, the Agua Caliente Casino and Spa Resort Casino contribute little to the educational system. If the Agua Caliente and Spa Resort Casinos paid a fair share equivalent to the educational system, they would be contributing between \$6-8 million a year. Currently, taxpayers, including the Agua Caliente and Spa Casinos' own employees, are paying that bill for them.

Says parent and small business owner from Cathedral City, Cathy Rodriguez, "We need to start by making sure that the parents of our students make a family wage with decent benefits so that they can take good care of their kids, and that there are good jobs for these kids when they graduate. We all pay, and our schools suffer, when kids are poor. We all need to do our part for education.... If we let our kids down, we'll be paying more in the long run, for more police protection when the kids grow up and get into trouble because they can't get a good job, or for their children's health care or school meals. It all comes back to the idea that what's right for our kids is right for the community."

## Notes

1 *California Child's Budget*, Chapter 2 Poverty

2 <http://www.childrennow.org/california/rc-2002/soc-2002.pdf>,

3 "California's Public Schools," online data at <http://www.ed-data.k12.ca.us>

4 Facts from "Survey of the Status of Equality in Public Education in California," by Louis Harris, of Public Advocates, Inc (March, 2002) cited by California Teachers Association "Invest in Quality Classrooms".

5 All three districts are majority minority (largely Hispanic).

6 "School District Opposes Casino Plans," *Gambling News*, August 6, 2003.

7 Interview, Robert Congdon, July 11, 2003.

8 "Casino Changes Face of Connecticut Community," *Casino and Gambling News*, August 27, 2003, <http://e-gambling.com/CasinoNews.asp?c=540&a=2032>

9 ERAF was instituted in the 1990s when the state government, facing a budget crisis, essentially shifted some of the burden of funding schools from the state's general budget to property taxes.

10 Interview with Michael Rosenfeld, President, Coachella Valley Teacher's Association, June 10, 2003.

11 Indians must number at least 400 or 3% of the average daily attendance. Districts can also receive federal impact funds for general educational purposes if at least 10% of the value of the land within their boundaries is trust land (not subject to property tax) that has been acquired by the government or Tribes since 1938. U.S. Department of Education, <http://www.ed.gov/programs/8002/index.html>

12 Bruce Spence, "USA Casino Industry is on High Roll in California," May 21, 2003 [www.winner.com](http://www.winner.com)

13 Cited in "Many Indians Exempt From State Taxes, Fees," *Los Angeles Times*, July 25, 2003

14 The Agua Caliente Band has also offered to pay an annual mitigation amount to the City of \$100,000 a year, to begin in the second year of the Spa Resort's operation. That amount will increase in the sixth year of the ten-year agreement.

15 Since there is incomplete information about the expected income stream, we calculated the worth in the following way: Assuming a 10% annualized return on the investment of \$400,000,000 that it will cost to construct the casino, we arrive at a 20-year income stream of \$40,000,000 per year. Given a net income of \$40 million and a capitalization rate of 7%, the value of the property is \$570 million. In fact, if the cap on the number of slot machines is raised in the compact renegotiations, this is a very low estimate of the worth of the property. According to a report entitled, "Tribal Casinos and their impacts on a California Community," the 2000 machines split between the two Agua Caliente-owned casinos generate approximately \$185 million a year, with 45% or so of that being profit. (See page 9 of the report. The Report is available online at [www.tribalcasinoimpact.info](http://www.tribalcasinoimpact.info).) Thus, **the current Spa Casino Resort already generates between \$30-\$40 million in profit a year.**

16 "Tribal Casinos and their impacts on a California Community," Research Department of Hotel Employees and Restaurant Employees International Union, AFL-CIO, for the Coachella Valley Coalition for Responsible Sovereignty, (February, 2003).

17 The low estimate comes from levying a 1% tax on the construction costs. However, if we assume that the ACC has 800 slot machines, each of which generates \$93,000 at a profit rate of 45%, then the ACC is making \$34 million in net income a year. At a capitalization rate of 8%, the

property's value is \$400 million. This property appears to be the same value as the new Spa Casino once completed: for the ACC we use a method of calculating property value based on the number of slot machines in the casino. As noted above, if the slot cap is lifted, the property value of the new Spa would likely be substantially higher than we have concluded above.

18 These figures are drawn from "Tribal Casinos and their Impacts on a California Community," February 2003, report available online at [www.tribalcasinoimpact.info](http://www.tribalcasinoimpact.info).

19 Palm Springs Unified School Supplement, Spring 2003;

20 Mark Henry, "Coping with rapid Growth", *Press-Enterprise*, April 16 2001, retrieved by LexisNexis April 22, 2003

21 Data drawn from district profiles available at [www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us)

22 This is according to the legislative analyst for the California Association of Counties, cited in Kimberly Trone, "Coachella Leads Valley Growth," *Desert Sun*, May 6, 2003.

23 Benjamin Spillman, "Hundreds crowd Indian casino job fair," *Desert Sun*, February 6, 2001, story retrieved from [www.thedesertsun.com](http://www.thedesertsun.com) May 1, 2003.

24 Nadia T. Villagran, Growing casino work keeps valley job market humming along," *Desert Sun*, April 1, 2001, story retrieved from [www.thedesertsun.com](http://www.thedesertsun.com) May 5, 2003.

25 Census 2000 School District Tabulation

26 Natalie Singer, "Incomes up, but 1 in 6 people live in poverty," *Desert Sun*, May 15, 2002, A1.

27 Peter T. Kilborn, "Casinos revive delta town, but poverty won't go away," *New York Times*, October 20, 2002.

28 David Carroll and Jean Ross, *Boom, Bust, and Beyond: The State of Working California*, California Budget Project, 2203, p 98. [www.cbp.org](http://www.cbp.org)

29 Julian S. Palmer, Younghwan Song, J sien-Hen Lu, *The Changing Face of Child Poverty in California*, August 2002, The National Center for Children in Poverty, Columbia University. Reports available at [www.nccp.org](http://www.nccp.org)

30 Census 2000 School District Tabulations. But the reality is probably much worse: the federal poverty line is based on an outdated version of a typical family budget that deems food costs rather than housing to be the most expensive item. Since housing prices have gone up considerably, and the family budget never figured in child care or other costs, the federal poverty rate under-estimates the number of families that cannot provide for the basic necessities.

31 Drawn from survey data of workers at the ACC under the auspices of Dr. Eric Nilsson, California State University, San Bernardino. This data was the basis of the report, "Wages and Healthcare Benefits of Workers at Agua Caliente Casino," Eric Nilsson et al, Institute of Industrial Relations, UCLA, 2003.

32 Data drawn from school district profiles available at [www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us).

33 Ibid.

34 Sonya M. Tafoya, "The Linguistic Landscape of California Schools", *California Counts* 3, 4, February 2002 [www.ppic.org](http://www.ppic.org)

35 Data drawn from district profiles available at [www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us). Students classify themselves by reporting whether English is spoken at home. Those who speak English and another language at home are not tested to determine whether they are truly fluent in English.

36 Legislative Analyst's Office, *Overview of Program Funding for English Language Learners*, (February 5, 2003)

- 37 Interview with Foch Pensis, Superintendent of Coachella Valley Unified School District, July 21, 2003.
- 38 A significant percentage of ELs are American-born sons and daughters of first-generation immigrants, and are not immigrants themselves.
- 39 PSUSD Quarterly Report, Spring 2003.
- 40 Interview with Superintendent Foch Pensis.
- 41 Ibid.
- 42 Although a high school education is less likely to protect a wage-earner and his/her family from poverty now than it was two decades ago. Julian S. Palmer, Younghwan Song, Jsien-Hen Lu, *The Changing Face of Child Poverty in California*, August 2002, The National Center for Children in Poverty, Columbia University. Reports available at [www.nccp.org](http://www.nccp.org)
- 43 Interview with Superintendent Foch Pensis.
- 44 Legislative Analyst's Office, "Overview of Program Funding for English Language Learners," (February 5, 2003)
- 45 [www.ca-headstart.org/facts.html](http://www.ca-headstart.org/facts.html)
- 46 Interview with Michael Rosenfeld.
- 47 Interview with Oasis School teacher, Elizabeth Lupian, June 10, 2003.
- 48 LAO analysis of 2003-2004 budget bill.
- 49 "School Readiness Starts with Economic Security," NCCP, News and Issues, Fall 2002
- 50 California Child Budget, Chapter 5
- 51 Interview with Laurie Ann Wiseman, school teacher at Oasis, June 10, 2003.
- 52 Interviews with Superintendent Foch Pensis and Mike Rosenfeld.
- 53 According to Cathedral City High School 2002-2003 WASC Accreditation Self Study Notebook.

The Research Department of the Hotel Employees and Restaurant Employees International Union, AFL-CIO, assisted with the research and writing of this report.