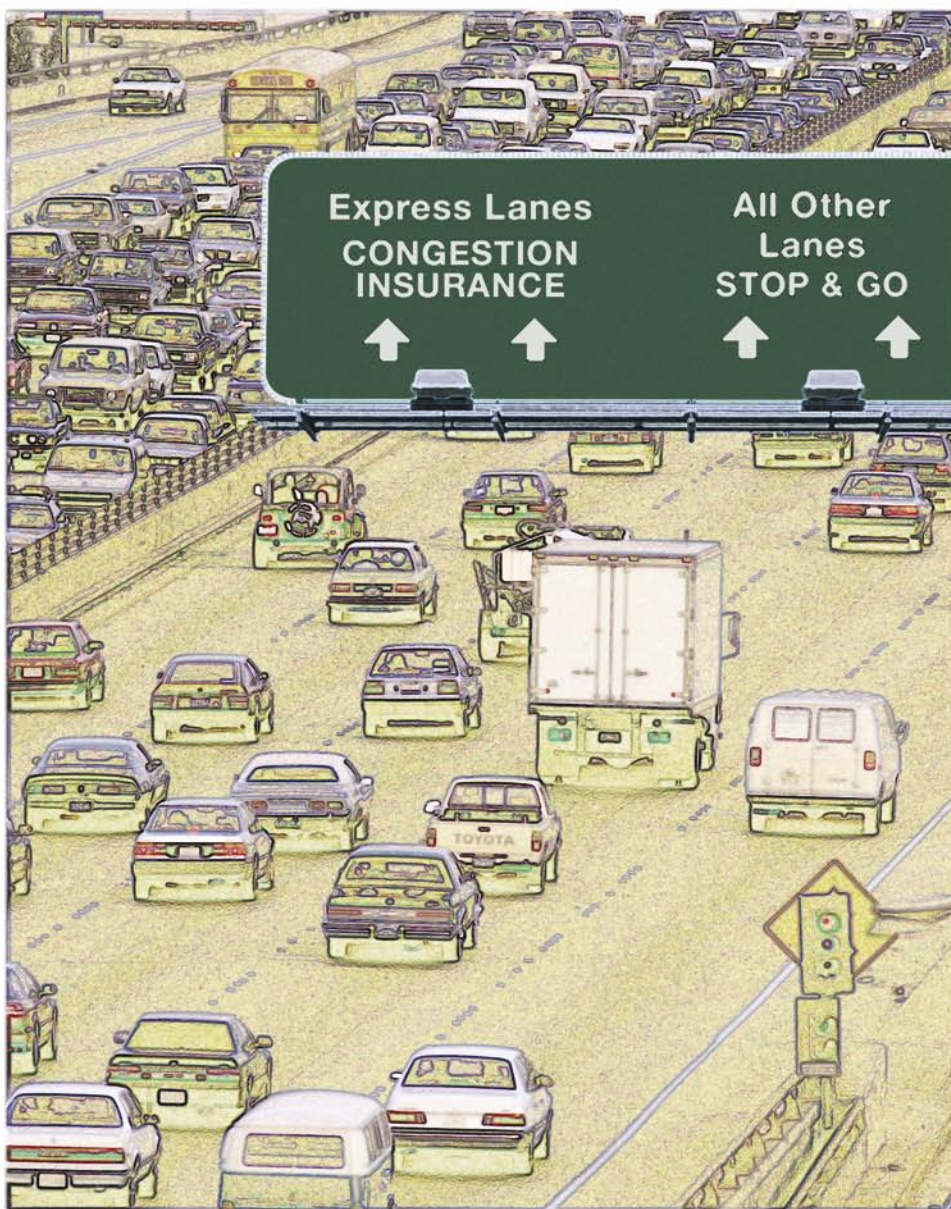


THE *Spring/Summer 2004*
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Express Lanes for Florida

THE JOURNAL

OF THE JAMES MADISON INSTITUTE

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NUMBER 28

Message from the Publisher — *J. Stanley Marshall* 2

COVER STORY

Express Lanes for Florida — *Robert W. Poole, Jr.* 4
Express lanes won't "solve" congestion—but they will give us meaningful relief.

ARTICLES

Why Has Florida's Growth Management Act Been Ineffective? — *Randall G. Holcombe* 11
Florida's growth management policies have been less effective than both the proponents and the opponents of growth management feared. First in a two-part series.

Harris Rosen: A Florida Educational Hero — *J. Stanley Marshall* 15
Heroes come in countless sizes and shapes—and Harris Rosen of Orlando is such a hero.

Book Offers New Take on "Quality of Life": A Review of *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life* — *Matthew Warner* 18
The emphasis in the business recruitment game has shifted to "quality of life" issues—but how can we address "quality of life" issues when it seems that definition is constantly evolving?



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MESSAGE FROM THE PUBLISHER

J. STANLEY MARSHALL



Good things keep happening in Florida. One of the most promising is the presence here of Robert W. Poole, Jr., founder and, for many years, president of The Reason Foundation and now that Foundation's director of transportation studies. Bob Poole is one of the nation's leading experts in transportation. He and his wife, Lou Villadsen—herself a respected and experienced academic administrator in California—have recently moved from that state to establish a permanent residence in Fort Lauderdale.

Among the policy issues Floridians must face in the near future is transportation, or more specifically, how our people can move themselves about the state with a reasonable investment of their time and money. Traffic congestion is a major source of frustration for many Floridians, especially those in our urban areas. Mr. Poole has studied traffic problems and how they're being dealt with in other parts of the country, and he's got some ideas that he believes might work in Florida. See what you think of our building Express Lanes that are "value-priced" as a way to serve those who want faster, more reliable trips and are willing to pay for the privilege. Mr. Poole's article begins on page 4. He reminds us that "there is no end in sight to Florida's growth, so we need to get serious about transportation."

Harris Rosen of Orlando has spawned a program to rescue children from families who, because of the neighborhoods in which they must live, are caught in the snare of crime and poverty and the

always attendant educational deprivation. Tangelo Park is the neighborhood, and the name has become recognized nationally for the forward-looking educational rescue efforts that Mr. Rosen has created there. Mr. Rosen hopes that other people and organizations might come to recognize the possibilities such programs hold for community betterment and decide to put their money where it can produce impressive results for both children and their communities. The story begins on page 15.

Property rights has been a topic to which JMI has paid serious attention for several years. The management of population growth is never far from the minds of our legislatures, the media and, certainly, real estate developers. Professor Randall Holcombe of Florida State University has been our resident expert on such matters and is a frequent contributor to the *Journal* on matters related to state taxes and budgets.

The article that begins on page 11 will be followed by a related piece in a future issue.

The Institute is fortunate to have the services of talented and dedicated interns from Florida State University, and they often bring different insights and new perspectives to our work. Intern Matthew Warner's book review will doubtless interest *Journal* readers in the corporate world who deal with recruiting and hiring people to work in their businesses. His review begins on page 18.

And finally, I acknowledge our delays in getting out the past two issues of the *Journal*, and I am pleased to assure readers that the appointment of Bob McClure as president and CEO will enable us to catch up and to resume other activities that have been delayed during the past year. The present Spring/Summer issue will be followed by the Fall Issue in October, and that, in turn, by separate issue in each of the year's four seasons. ∞

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COVER STORY

EXPRESS LANES FOR FLORIDA

BY ROBERT W. POOLE, JR.



Florida's major cities should develop networks of Express Lanes that will give new mobility to both drivers and transit users.

Floridians spend an enormous amount of time and money stuck in traffic. In 2001, the latest year for which figures are available, motorists in the state's six largest metro areas wasted \$4.6 billion in time and gasoline sitting in traffic jams. And the situation gets worse every year.

Table 1 reviews the situation for six urban regions where most of the real congestion takes place. Miami, not surprisingly, is the state's congestion capital. Its travel time index is 1.43, which means that a trip during rush hour takes 43% longer than at off hours, when the roads are free-flowing. By contrast, the average trip takes just 15% longer at rush-hour in Jacksonville, where congestion is least severe.

Why is congestion so bad? For one thing, Florida is one of the nation's fastest-growing states, with Orlando's metro-area population having increased 100% over the past 20 years, and major increases in the West Palm and Ft. Lauderdale areas, as well. More people means more driving. And that means unless highway capacity keeps pace, there will be more congestion. Orlando has actually done pretty well, adding considerably to its toll road system as its population doubled. By contrast, Miami has added much less new capacity, so its congestion increased more than Orlando's despite its population growing by less than one-third.

Table 1
Florida's Traffic Congestion, 2001

INDICATOR	MIAMI	FT. LAUDERDALE	TAMPA	ORLANDO	W. PALM BCH.	JACKSONVILLE
►Population growth (1982-2001)	31%	54%	41%	100%	87%	45%
►Travel time index (TTI)	1.43	1.38	1.32	1.31	1.26	1.15
►Change in TTI (1982-2001)	26%	31%	11%	21%	21%	12%
►Annual delay per person (hours)	33	28	24	33	19	15
►Annual delay cost (\$)	\$1,415M	\$865M	\$885M	\$765M	\$405M	\$270M
►Expressway peak congestion	65%	50%	30%	45%	50%	35%
►Freeway loading (vehicle miles traveled/lane-miles)	18,260	18,400	13,600	18,800	18,250	13,540

Source: 2003 Urban Mobility Report, Texas Transportation Institute

Yet even with all the building Orlando has done, its expressways are the most overloaded in the state, with 18,800 daily vehicle miles of travel on each lane-mile. The national average for large cities is 15,705, so you can see that Miami, Ft. Lauderdale, Orlando, and West Palm are all greatly overloading their expressway capacity. Tampa and Jacksonville have done a better job of matching capacity to traffic, which is why their travel time index increased much less over the past two decades.

So what can Florida's most-congested cities do? The conventional wisdom of the past decade says the answer is to "get people out of cars." Planners propose to do that by investing billions of dollars in rail

transit instead of more highways and by enacting "smart-growth" land-use controls to reverse the trend toward low-density suburbs. They would create lots of high-density living, with shopping in walking distance, and get people to take the trolley to work. Portland, Oregon is the poster child for this approach, but planners nationwide, including many Florida planners, are infatuated with these ideas.

There are two major problems with this approach. First, rail transit is so expensive that most cities can afford to build only a few lines. Hence, rail can only work for a tiny fraction of all the trips people need to make. Second, it appears that most people still prefer the traditional American

dream of a house with a yard in the suburbs, and don't want to live in high-density urban settings. So very few smart-growth developments actually get built. Moreover, the vast majority of urban land is already developed at low density and is not going to be changed any time soon. So the smart-growth vision is mostly wishful thinking.

There's a lot to be said for adding highway capacity, especially expressway capacity, to keep pace with the growth in travel. Both Jacksonville and Tampa have suffered only modest growth in congestion, despite 40-45% population increase over the past 20 years, by better matching highway capacity to traffic levels. Orlando heroically expanded its expressway system, but not enough to cope with its 100% population increase. But Miami and Ft. Lauderdale have done least well, ending up with the greatest congestion increase in the state (as well as the highest absolute levels). Not coincidentally, these are the metro areas that have chosen to spend a large part of their transportation funds on rail transit.

There is no getting around the fact that it's expensive and disruptive to widen expressways. In some corridors, like much of Florida's Turnpike, there is plenty of right of way already owned by the relevant agency, readily available for the addition of new lanes when needed. But in many urban areas most expressway right of way has already been used.



Floridians spend an enormous amount of time and money stuck in traffic.



That means lane additions require either expensive and time-consuming condemnation proceedings (to add more right of way) or the costly solution of adding elevated lanes. Either way, expanding urban expressways is becoming a very expensive proposition.

That does not mean we shouldn't do it. But it does mean that as we run out of easily-available right of way, we need to figure out how to squeeze the greatest possible transportation value out of these costly expansions. And at that point, adding more plain old ordinary lanes just doesn't measure up, for several reasons.

First, adding high-cost new lanes doesn't meet the user-pays principle that's the basis of highway funding in America. Building elevated lanes costs about five times as much as conventional lanes. Drivers on freeways like I-95 or I-4 pay about 3 cents per mile in gasoline taxes. Even on toll roads like Orlando's, the typical toll is only 7 to 10 cents per mile. But high-cost new lanes run between 30 and 50 cents per mile to build and maintain.

Second, in places where we're only going to be able to add one or two more lanes each direction to a very congested expressway, future traffic growth is likely to use up that new capacity in a decade or so, leading to renewed congestion. And that reality lends some support to the claims of rail advocates that "we can't build our way out of congestion."

Third, an expressway lane maxes out at about 2,000 vehicles per hour. If you try to stuff more cars onto it than that, traffic becomes unstable and deteriorates into stop-and-go conditions that reduce throughput to 1,200 to 1,500 vehicles per hour. Even if the lane is kept to free-flow conditions, at the average rush-hour auto occupancy of about 1.2 people/car, that's only 2,400 people per lane per hour. For such a large investment in costly new lanes, it would be a better investment if we could move a lot more people than that.

Fortunately, the concept of Express Lanes addresses all three of these concerns. As the term is used here, Express Lanes are premium-service lanes added to an existing congested expressway. As premium lanes, they would be "value-priced"—i.e., their valuable, expensive-to-build capacity would be offered at market prices to those who want a faster and more reliable trip. In addition, buses (and perhaps other very-high-occupancy vehicles such as organized vanpools) would be allowed to use the lanes at no charge.

Here's how Express Lanes address the previous concerns:

- ▶ The premium prices charged for using the lanes would be in the vicinity of 30-40 cents per mile during rush hours, much closer to the real cost of building and operating this new capacity.
- ▶ The variable market price (all calculated electronically, without any toll booths) makes it possible to keep traffic flow to below 2,000 vehicles per lane per hour (as proved

on California's two Express Lanes), thereby guaranteeing a quick trip even at rush hour.

- ▶ By attracting a mix of cars, vanpools, and express buses, Express Lanes can handle more than twice as many people per hour as a regular lane can under ideal conditions.

Those are pretty large claims, but they are all defensible. California's two Express Lanes projects have been in operation for six and eight years, respectively, in San Diego and Orange County. In the former case, the new lanes were built as car-pool lanes, using gas tax funds. But most of their capacity went unused, so they were converted to Express Lanes with all-electronic tolls, varied every six minutes to limit demand. They are so popular with commuters that the project is being quintupled in size, and the new Express Lanes will include a movable central barrier, so that lane capacity can be adjusted between morning and afternoon rush hours to account for highly directional traffic flows. The Orange County lanes were built from the start as premium-priced lanes, added to the wide median of a very congested freeway. Thanks to finely tuned pricing, these lanes maintain 65 mph traffic flow during rush hours. By doing so, these two lanes (out of six total, each direction) handle between 40 and 45% of the rush-hour traffic, despite being only 33% of the capacity.

Transportation planners in other parts of the country have visited Southern California and studied

those Express Lanes in great detail. Both Houston and Dallas are now doing billion-dollar expansions of major freeways, the Katy (I-10) in the former and the LBJ (I-635) in the latter. In both cases, Express Lanes with variable pricing are being built into the new configurations. They will offer premium service at premium prices—and will also enable express buses to offer superior high-speed transit service.

Denver and Minneapolis are under way on projects to convert existing high occupancy vehicle (HOV) lanes to Express Lanes, on I-25 and I-394, respectively. And in the nation's capital, the Washington Beltway seems likely to get Express Lanes within the next few years. Under provisions of Virginia's public-private transportation act, a private company has proposed adding two high occupancy toll (HOT) lanes in each direction on the southwestern portion of the Beltway. Similar projects are under study for the Maryland portion of the Beltway.

Although Florida does not have any such Express Lanes in service yet, we're moving in that direction. The Tampa-Hillsborough Expressway Authority is building that area's first elevated Express Lanes, along six miles of the congested Crosstown Expressway. They should open to traffic in 2005. Florida's Turnpike has completed a feasibility study of adding Express Lanes on the Home-

stead Extension in Miami-Dade County. Because of the very high cost of building elevated lanes (for a major portion of the planned route), premium tolls are especially needed there. Nearby, the Miami-Dade Expressway Authority is planning similar Express Lanes for its major east-west route, the Dolphin Expressway. And the Florida Department of Transportation (FDOT) has done feasibility studies on possible value-priced Express Lanes for congested I-95 in Miami and I-4 in Orlando.

The latter two projects are considered more challenging, because unlike the first three, which are being added to toll roads, the I-4 and I-95 projects would be on currently free highways. The federal government has already authorized such projects to be done by FDOT, under its Value Pricing Pilot Program. But these projects can only be implemented if local officials and opinion leaders are persuaded that they make sense.

The issue that makes officials nervous is the charge that such lanes would be "Lexus Lanes," used only by the relatively wealthy. The extensive data from the two California Express Lanes belies this concern. Of course, higher-income people use the Express Lanes more often than lower income people; they eat in nice restaurants and take plane trips more often, too. But significant numbers of people at every income level use



So what can Florida's most-congested cities do? [The] smart-growth vision is mostly wishful thinking.



and appreciate the Express Lanes for those times when they really need to be somewhere on time: a mother picking up a child from day-care (and avoiding late fees), a gardener getting in one additional service call in a day, a family rushing to the airport to catch a vacation flight. Surveys in San Diego show support in the 70-80% range for this time-saving option being available, even among people in the lowest quarter of the income range.

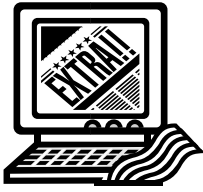
In short, what Express Lanes offer every driver is “congestion insurance.” You sign up for a SunPass and carry it in your car, but most of the time you drive in the regular lanes. But you have the assurance that if you’re running late and really need to be there on time, you have an alternative that will get you there on time. With today’s expressways, that option simply does not exist. With Express Lanes widely available, it would always exist.

And by building a system of interconnected Express Lanes, we could give transit a whole new lease on life. Rail transit is so enormously expensive because it must have its own, exclusive right of way, track, electrical system, etc. But buses share the right of way that cars use. The problem is that today much of this right of way is congested at rush hour, making

buses even slower than driving. But with a system of Express Lanes that remain free-flowing at rush hour, bus travel becomes faster on the expressway portion of the trip than driving in regular lanes. That could even make the door-to-door trip time competitive with driving, something transit has never been able to do. But with drivers paying for the Express Lanes with their tolls, the transit system need only provide the buses. Talk about a win-win proposition!

There is no end in sight to Florida’s growth, so we need to get serious about transportation. Not building anything is not an option. Pouring billions into rail transit will handle only a few percent of all trips—a very poor way to spend our limited funds. Instead, our major cities should develop networks of Express Lanes that will give new mobility to both drivers and transit users. Express Lanes won’t “solve” traffic congestion—but they will give us meaningful relief. ☞

Robert Poole is Director of Transportation Studies at the Reason Foundation. An engineering graduate of MIT, he has advised the U.S., California, and Florida Departments of Transportation. He is co-author of the policy study, “HOT Networks: A New Plan for Congestion Relief and Better Transit,” available at www.rppi.org/ps305.pdf.



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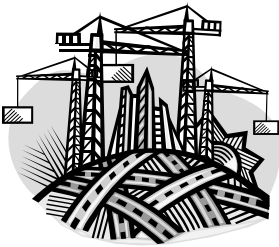
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WHY HAS FLORIDA'S GROWTH MANAGEMENT ACT BEEN INEFFECTIVE?

BY RANDALL G. HOLCOMBE



Florida's Growth Management Act was intended to mitigate a wide range of growth-related problems, but it has been relatively ineffective. First in a two-part series.

Background

Florida's Growth Management Act was passed by the state's legislature in 1985 to deal with problems that many Floridians perceived were the result of the state's rapid population growth. Florida had passed growth management legislation a decade earlier, but the general perception was that it was ineffective at controlling the negative consequences of growth. The 1985 Growth Management Act attempted to address a wide range of growth-related problems, including inadequate infrastructure to support growth, environmental degradation, affordable housing, and decaying downtown areas resulting from people fleeing the central cities for the suburbs. Despite the wide range of problems blamed on growth, the issues that seemed most important to the typical Florida resident were increasing traffic congestion and dramatic changes in the character of many communities as small towns with individual character grew into larger and more homogeneous cities with strip malls and suburban development. Florida's Growth Management Act was intended to mitigate a wide range of growth-related problems, and despite some opposition was widely supported by diverse groups of Floridians ranging from envi-

ronmentalists to developers. Today, both the Act's supporters and its detractors would agree that it did not have the effects they anticipated. The Act's early supporters lament that it did not achieve the many goals it had, and the Act's opponents admit that it did not have the serious negative effects they had predicted. Florida's Growth Management Act has been less effective than its proponents had hoped and than its opponents had feared.

Growth Management in Florida and in Oregon

Florida's 1985 Growth Management Act was designed to work like a similar measure passed by Oregon in 1973, but to observers familiar with both states, it is obvious that Oregon's growth management efforts have had much more impact than Florida's. The relative ineffectiveness of Florida's Growth Management Act can be traced to several reasons. First, Florida's law allows more local control. Second, Florida's law was designed to be more flexible in some respects. Third, Florida's legislature has been more willing to address issues when the law has appeared constraining. Fourth, Florida's population is more decentralized than Oregon's, allowing constraints that appear in some areas to be relieved in others.

Growth management in Florida is implemented through the local comprehensive plan. Every local government in Florida is required

to create a local comprehensive plan that includes a land use map detailing how each parcel of land can be used. While the plans are not required to have a formal urban development boundary, as a matter of policy the land use map creates



The 1985 Growth Management Act attempted to address a wide range of growth-related problems.



one, because Florida's Department of Community Affairs, which enforces Florida's Growth Management Act, has refused to approve plans that allow for so much developable land that the development would create urban sprawl. The hope of growth management's proponents was

that this urban development boundary would result in more compact urban development, and would lead to urban infill rather than sprawling development.

Flexibility was built into the process in the form of allowing the local comprehensive plans to be revised as often as twice a year. This flexibility, combined with local control, allowed interest groups to push for changes in the local plans to suit their own needs. If developers wanted to develop a particular parcel of land, they lobbied their local governments to have that parcel included as developable for the purposes they wanted. Those who wanted changes have been successful enough at modifying local comprehensive plans that in most cases the plans have not provided much of a barrier to development.

In cases where the law was very constraining, the legislature has

been willing to step in to modify Florida's Growth Management Act. For example, as originally designed, every road was (and still is) required to have a designated level of service specifying a target level of traffic congestion. If development would create more traffic to lower a road below its target—or if the road already was below that target—then development would not be allowed. But when this started preventing urban infill, the legislature modified the Act so that local plans could designate “concurrency areas.” If a developer wanted to develop within that concurrency area and traffic was already more congested than the plan targeted, the developer could contribute money toward improving transportation within the concurrency area and develop the property. Development became more expensive, but it was not prevented.

In contrast to Oregon, where much of the state's population is concentrated in the Portland area where growth management is very restrictive, Florida's population is more decentralized, and restrictive growth management policies in some areas result in development moving to other locations. For example, Leon County, in which Tallahassee is the only city, is relatively restrictive in its growth management policies. One result is that Wakulla County, just

south of Leon, is one of the fastest-growing counties in the state, as people who are squeezed out of the Leon County real estate market find homes in Wakulla County. This unintended consequence of restrictive growth policy happens throughout the state, and results in the sprawling development that the proponents of growth management were trying to prevent.

Another factor that may have led to more effective growth management policies in Oregon is that Oregonians may be more committed to growth restrictions. While it is somewhat unsatisfying to conclude that Oregon's policy outcomes differ from Florida's because “people are different there,” there may be an element of truth

to that explanation. Oregon has seen an in-migration of people from California who “do not want Oregon to become another California,” and the political clout of those committed anti-growth individuals may tip the political balance in favor of very restrictive policies.

Ineffective Does Not Mean Costless

Florida's growth management policies have been relatively ineffective, but they still have imposed substantial costs on Floridians. Although it is possible to work around the rules to undertake development, there are

Florida's population is more decentralized, and restrictive growth management policies in some areas result in development moving to other locations.

significant costs to doing so. Local comprehensive plans can be amended as often as twice a year, so the plans are not necessarily a barrier to development. However, to get a plan amended, one must engage in the political process, which is costly and time-consuming, and which creates uncertainties. Dealing with local regulators adds additional costs to the development process. These costs are passed on to Floridians in many ways. Most obviously, the higher costs imposed on developers and potential delays created by growth management increase the cost of new construction, making housing and commercial development less affordable. Also, because it is often difficult to get developments approved, and because of uncertainties in whether development can be approved, some potential economic opportunities for Florida are lost to other states that have less restrictive policies. Businesses choose to locate and expand in other states that welcome them, rather than in Florida, which erects barriers to development. Florida's economic growth has suffered as a result.

Conclusion

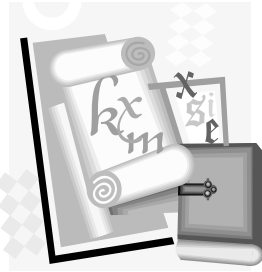
Florida's growth management policies have been less effective than both the proponents and the

opponents of growth management anticipated when Florida's Growth Management Act was passed in 1985. Oregon has a similar growth management structure in place, but Oregon's growth management policies have been much more effective than Florida's. There are a number of differences between the growth management processes in Oregon and Florida which at first may seem minor, but they may explain why growth management has not had the same effects in Florida as in Oregon. Ease of amendment, more local control, the willingness of the legislature to revisit the process, and less concentration of population may explain the differences. Another possibility is that Oregonians are more supportive of growth restrictions than Floridians. Florida's growth management policies have not been as effective as people originally envisioned, but this has not necessarily been a bad thing for Floridians. ∞

Randall Holcombe is DeVoe Moore Professor of Economics at Florida State University and Chairman of the Research Advisory Council at The James Madison Institute. This article was reprinted with permission from the DeVoe L. Moore Center, College of Social Sciences, Florida State University. For more information, visit <http://www.fsu.edu/~policy/>.

HARRIS ROSEN: A FLORIDA EDUCATIONAL HERO

BY J. STANLEY MARSHALL



Harris Rosen's heroic aid to children in one of Orlando's most impoverished neighborhoods is a story that everyone needs to hear.

Heroes come in countless sizes and shapes. Among the most heroic are those who come to the aid of children, and while such aid takes forms too numerous to describe here, the provision of educational opportunities for children who live in poverty is a form of heroism that deserves special mention.

Harris Rosen of Orlando is such a hero. His heroic aid to children in one of Orlando's most impoverished neighborhoods is a story that the people of Florida and educators everywhere need to hear.

In 1994, businessman Harris Rosen approached some of the leaders in Tangelo Park, a largely African-American community near the heart of Orlando that was best known as an impoverished, crime-ridden neighborhood. Rosen made a promise to the community: If the parents of Tangelo Park's children would make sure their children graduated from high school, he would see that they were provided full scholarships at one of Florida's public universities. And in order to improve the chances for success by the children when they got to high school, he also pledged to provide pre-school programs for the neighborhood's two- to four-year-old children.

Since 1994, 229 students have received scholarships to attend four-year state universities, community colleges or vocational schools. This spring there were 21 scholarship recipients, and Mr. Rosen has

remained personally involved in the program. He attends monthly meetings of parents and often awards the scholarships personally. Rosen's commitment is more than an expression of his belief in the value of education as a way to improve the lives of individuals. He also believes it is a way to change communities. Crime in Tangelo Park has decreased 67% since 1993, this despite the fact that overall crime in Orange County has increased slightly during that time. Rosen has encouraged county officials to pave dirt streets and help to clean up neighborhoods. The high school drop out rate in Tangelo Park is now only 6%, compared with 25% before the program began.

National attention has been called to the Tangelo Park program by a lengthy article that appeared in the Chronicle of Higher Education for June 4, 2004. Mr. Rosen believes that other people of affluence, if they knew of the success of his program, might consider launching similar programs in other communities across the state and nation. The benefits both in terms of improved education for individuals and for community betterment are very attractive. Rosen calls himself an "activist philanthropist" who wants to encourage others to do what he's done, which is to play a more hands-on role in philanthropic efforts. This

way, he says, the results are more likely to be positive.

The Tangelo Park project was inspired by a program that originated in New York City by Eugene Lang, who founded the I Have A Dream Foundation (IHAD) about 20 years

ago. Other Floridians have launched IHAD projects, too, including JMI Board Member Norman Braman in Miami. Rosen's project differs from most of the others in that scholarships are offered to an entire neighborhood, not just to a single school or even a school district. He firmly believes that the life of the entire community can be improved by a program of this kind.

IHAD can be reached

via the Internet at www.ihad.org.

Harris Rosen was raised in New York City, on the Lower East Side of Manhattan. His father was a safety engineer at the Waldorf-Astoria Hotel. As a youth, Harris demonstrated talent in art and music but didn't think he could make a living as an artist, so he went to Cornell University where he earned a degree in hotel management. His first job was as a file clerk at the Waldorf-Astoria. He promptly demonstrated his energy and talent and then went to work for the Walt Disney Company in 1969 to help plan the hotels at Disney World. In the early 1970s, Rosen took over a Quality Inn on International Drive in Orlando by



Rosen calls himself an "activist philanthropist" who wants to encourage others to do what he's done, which is to play a more hands-on role in philanthropic efforts.



assuming the mortgage. He hitchhiked to New England to sell Orlando tourism to motor coach tour operators, telling them that he would offer room rates below \$10 a night. Creative and aggressive marketing of that kind has been the hallmark of Harris Rosen's success in the hotel business.

For the next several years, Rosen lived in the motel and worked jobs ranging from breakfast cook to security guard. His success in the hotel business is now a Florida legend. He owns the area's largest privately-owned hotel chain with a total in excess of 5,000 rooms, including two large elite properties near the Orange County Convention Center. But financial success did not meet his personal needs, and he became increasingly dissatisfied with the perpetual pursuit of profits. In his interview with the Chronicle reporter, he said, "OK, if I'm doing all of these things for me, satisfying whatever this need is to keep doing stuff, it's time to start giving back to the community." He has given \$10,000 a year for the past several years to the University of Central Florida for student scholarships. This effort to help students obtain higher education led to his interest in Tangelo Park. The people there had become frustrated with the amount of drug dealing and crime and had organized a Community Watch group that provided Rosen a starting point for his scholar-

ship program. Rosen and community leaders created an advisory board with representatives from the school district, the sheriff's office and the University of Central Florida. Robert Allen, the principal of Tangelo Park's elementary school, has served

as board chairman, and his leadership has helped to keep Tangelo Park parents actively involved. The University organized workshops for parents to help them do a better job of communicating with their children's teachers. The cost to Mr. Rosen has been about \$500,000 a year, an investment made possible by his business success. Also, he has endowed the program to

make certain it endures.

Mr. Rosen has also made a gift to the University of Central Florida of \$18.2 million to build a hotel management school which opened last year, this in the belief that Orlando's tourism industry would benefit from having well-trained personnel. Rosen's philanthropy extends to still other organizations and causes including Bethune Cookman College in Daytona Beach.

Mr. Rosen believes that the Tangelo Park model is a tremendous opportunity to businesses and individuals who can afford to emulate it. "If we did a Tangelo Park program in every disadvantaged neighborhood in the United States, we would not believe the changes that would

To page 23 >

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BOOK REVIEW

BOOK OFFERS NEW TAKE ON “QUALITY OF LIFE”

*The Rise of the Creative Class:
And How It's Transforming Work,
Leisure, Community, and Everyday Life*

(Perseus Books, 2002)

By Richard Florida

REVIEWED BY MATTHEW WARNER



Publisher's Note:

Under Governor Jeb Bush, Florida has gained ground in its battle to diversify its economy and promote job growth. In recent years, the state has been recognized for its relatively low taxes, streamlined regulations, and friendlier business climate—especially when compared to problem-plagued states such as California.

Yet Florida's business recruitment efforts have long been up against a lingering perception that this state is little more than a tourist playground and retirement haven.

To counter this in the past, the state has pinned its hopes on one promising trend after another. When “high tech” was in vogue, for instance, the state tried to hitch a ride on the space program. Unfortunately, NASA's brain—Mission Control—was hijacked to Houston, and much of its muscle wound up at California's Jet Propulsion Lab. That left Florida's role as little more than a launching pad and landing site.

In the years since, Florida's state and local governments have tried various other tactics in an effort to lure companies to locate or expand here. These include tax breaks, infrastructure improvements, promises of school reforms, and even taking private property from its owner and conveying it to another private entity.

Lately, due to the growth of off-the-beaten-path spots such as Austin, Texas, the emphasis in the business recruitment game has shifted to "quality of life" issues. The problem, as suggested by Matthew Warner's review of Richard Florida's 2002 book *The Rise of the Creative Class*, is how to address "quality of life" issues when it seems that definition is constantly evolving.

In some parts of Florida, for instance, improving the "quality of life" has been equated with spending public funds to build ballparks and concert halls with luxury suites where Fortune 500 executives lured from New York or Dallas can comfortably mingle with local movers and shakers basking in civic pride. For other locales, "quality of life" has meant touting colleges and universities that offer graduate and professional programs and research facilities presumed to be of interest to ambitious, upwardly-mobile employees—especially in high-tech industries.

Still other locales have equated "quality of life" with a healthy environment: clean air and water, manageable traffic, and lots of green space set aside in parks, forests, hiking trails, even golf courses.

Yet as Warner notes in his review, Professor Florida has found that many in today's younger generation define "quality of life" differently. They judge it using factors that the Carnegie Mellon economist has compiled into a "Creativity Index."

Does it really matter? Moreover, does the author stray when he suggests using governmental initiatives instead of market forces to foster creativity? You be the judge.



Carnegie Mellon University Economics Professor Richard Florida was intrigued when he noticed that more and more talented graduates were leaving Pittsburgh, despite a good job market. He became even more curious when companies began to relocate as well.

This trend seemed a reversal of conventional wisdom. Instead of people moving to jobs, companies were relocating to places that had talented people. This implied a power shift in the economy. The

ones calling the shots were not CEOs but rather the masses of employable talent. Why were companies catering to them? After all, companies have always wanted talented employees. Somehow, the talented could no longer be bought with just a job. "Place," as Professor Florida would later conclude, "is the key economic and organizing unit of our time."

What changed? For Professor Florida, it was the values of the ruling economic class. This emerging class is defined by their ability to create

new ideas, new technology, and new creative content.

Professor Florida's resultant book, *The Rise of the Creative Class*, catalogs his meta-study on the subject. His approach includes myriad interviews and statistical analyses. But it all started with some simple questions around campus.

He began asking graduates where they were going and why. He discovered that their criteria had more to do with lifestyle and identity than simply good job opportunities.

One graduate, a "punk rock" kid with radical hair, body piercings, and tattoos, signed up with an Austin, Texas, high-tech company represented by a few laid-back "non recruiters" just hanging out on campus at Carnegie Mellon. Professor Florida later learned that this student's starting salary set a new record for his department. However, when the professor asked him on the lawn that day why he chose the job, he said nothing of the salary. Instead, his response was, "It's in Austin!" He then explained that Austin has a lot going on, "a thriving music scene, ethnic and cultural diversity, and fabulous outdoor recreation, and great nightlife. I can have a life in Austin," the student explained.

This was intriguing anecdotal material, but Professor Florida wanted hard data. He wanted to know if the numbers would show whether this kid represented something

much bigger. Using existing indices and census data, he developed the Creativity Index. It consisted of the three T's: technology (Milken High-Tech Index), tolerance (Gay Index), and talent (percentage of the population with a bachelor's degree or above).

The Creativity Index ranks cities according to their level of "Creative Class Compatibility."

Through this research, Professor Florida developed the "Creative Capital Theory." The theory states that "regional economic growth is driven by the location choices of creative people—the holders of creative capital—who prefer places

that are diverse, tolerant and open to new ideas."

Does this sound suspiciously aligned with political correctness and multiculturalism? Well, it is. But Professor Florida's work is solid, scientific and tempered by his own intellectual honesty. His indices show strong correlations between economic growth and the values of the Creative Class. But Professor Florida does not suggest that cities put all their eggs in the Creative Class basket. Rather, the real message here is that revitalization strategies must include job opportunities and a diverse culture that attracts the Creative Class. Successful cities have it all.

To supplement his statistical research, Professor Florida con-

Instead of people moving to jobs, companies were relocating to places that had talented people. Why were companies catering to them?

ducted interviews of members of his “Creative Class.” He noticed that in addition to caring about where they live, they also care about their work environment. They want to work for companies whose cultures do not focus on their skin color, or on their outfit, or even necessarily on what time they show up for work, but rather on their results, on what they are able to create. Thus, if you want to stay competitive and employ the best and the brightest, unstuff your shirt and lose the tie.

So, how do you know whether your city is part of the Creative Age or not (short of looking at the index)? Professor Florida says, when traveling to cities for speaking engagements, he can tell before he gets to the podium. “If city leaders tell me to wear whatever I want, take me to a casually contemporary café or restaurant for dinner, and most important encourage me to talk openly about the role of diversity and gays, I am confident their city will be able to attract the Creative Class and prosper in this emerging era. If on the other hand they ask me to ‘please wear a business suit and a tie,’ take me to a private club for dinner, and ask me to ‘play down the stuff about bohemians and gays,’ I can be reasonably sure they will have a hard time making it.”

What he means is these cities are limiting their opportunities to compete for economic growth because

they are unwilling to extend their scope to include this rising group of people, who Professor Florida says make up about 30% of the workforce. He likens the change to a welcome mat that says, “Non-Standard People Welcome Here.”



Revitalization strategies must include job opportunities and a diverse culture that attracts the Creative Class. Successful cities have it all.



Traditional views are acting as blinders for companies that are desperate to understand why their numbers are falling and why they can’t win the recruitment game. These companies either don’t know the Creative Class exists or they don’t know how to identify them or they think they can afford to ignore them. But what they don’t understand is these people may have the critical cachet in our

economy. They constitute a new economic force that packs its own set of social values.

But giving this economic force greater exposure has its risks. It may excite local officials’ tendencies to “mandate” good things—in other words, to invite more government intervention in economic development. Professor Florida may not have a problem with this either. In the closing chapter, his “creative class manifesto” calls for “*investing* in creativity to ensure long run economic growth, *overcoming* the class divides that weaken our social fabric and threaten our economic well being, and *building* new forms of social cohesion in a world defined

by increasing diversity and beset by growing fragmentation (italics mine).”

Some of his specific recommendations include direct investment in street level music scenes and turn-of-the-century downtown preservation.

He goes to great length to discuss what kinds of “experiential consumption” the Creative Class enjoys. He specifically questions traditional urban investment such as football stadiums and downtown malls. In fact, Professor Florida says, “the most recent studies show that stadiums do not generate economic wealth and actually reduce local incomes.”

Why aren’t members of the Creative Class attracted to cities with professional sports venues? According to Professor Florida, Creative Class people do not want to be spectators, they want to participate. He even goes so far as to dissect the motivations behind sports enthusiasts. To Professor Florida, these individuals are blue-collar nobodies overcompensating for their inability to discuss anything of intelligence. Not that he espouses any hatred, but it does reveal a bit of his bias.

These discussions come at the end of the book, making it easier to grasp what is and is not worth reading. Feel free to stop when you reach Chapter 16: Building a Creative Community. This is where Professor

Florida really drops the ball. After glorifying non-traditional, out-of-the-box developments, he gets right back in the box with the most traditional, unimaginative, non-creative of solutions for social and economic change: use force.



Traditional views are acting as blinders for companies that are desperate to understand why their numbers are falling and why they can’t win the recruitment game.



Absent in his research is any demonstration that a city’s path to a high Creativity rating was paved by central planning. Had the Creative Class phenomenon been the result of government planning, learning to understand it would not require extensive groundbreaking research. Rather, people would need only to ask their local government what they were doing to develop the economy

and why. But, of course, Professor Florida knows and would readily agree that these non-traditional, out-of-the-box developments are not attributable to government programs.

So, it is ironic that he concludes that, as cities, we must undertake to create this model via central planning. His research shows that the economic phenomenon he is describing comes courtesy of low barriers to entry, job mobility, free-agent-like attitudes and yes, openness to new ideas. These are characteristics of free markets. So why does he ignore them in his recommendations? While it is natural to respond to a good thing with a desire to perpetuate it, does Profes-

sor Florida really believe that what took him years to determine through painstaking research and 300+ pages to summarize could be orchestrated by a committee?

But there is a shortcut: freedom. Freedom is the foundation of positive change—freedom to experiment with technology, freedom to make a new product and sell it, freedom to reorganize an antiquated business and personnel structure, freedom to change the company culture, freedom to invest in one’s own idea and have the freedom to play it through in the marketplace. These steps are essential to develop robust economic development. Professor Florida does not make this connection.

Despite this shortcoming, Professor Florida has done something significant. His information is most useful to private firms and least useful in

the hands of government. In the state of Florida, the nonprofit group CreativeTampaBay, Inc. sponsored the aptly-titled study “The Young and the Restless: How Tampa Bay Competes for Talent.” Additionally, Jacksonville started the process of selecting a topic for its next major study and the Creative Class made the short list.

If these studies confirm the Creative Capital Theory, the implication is that freedom is working. If this lesson is learned through the exercises of Tampa and Austin, and if the recommendations are applied by the private sector, then we can be sure of a future driven by the power of ideas. ☞

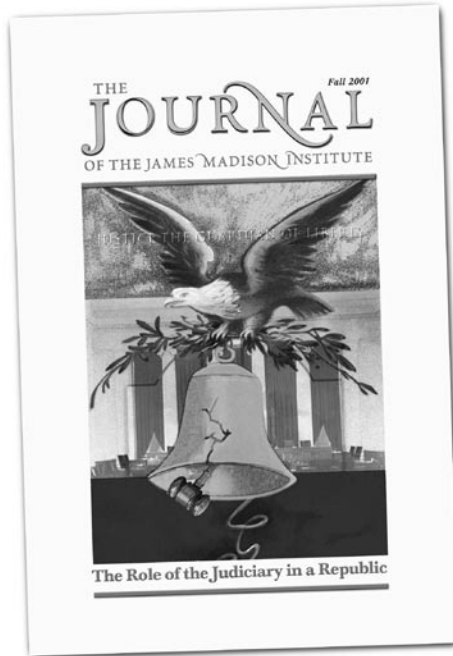
Matthew Warner is a research intern at the James Madison Institute and a student at Florida State University.

HARRIS ROSEN *(Continued from page 17)*

occur in our society,” he said. Businesses of all sorts, including, for example, professional athletic teams, might find this an effective way to improve life for large segments of our society. People in Orlando agree, and they urge others to aspire to modern-

day heroism and create their own Tangelo Parks. ☞

J. Stanley Marshall is the founder of the James Madison Institute, and currently serves as vice chairman of the Institute’s Board of Directors.



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