

An Overview of Tribal Government Gaming Impacts under IGRA

Presented by
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San Diego State University
April 24, 2014



Sycuan Institute on Tribal Gaming

Established in 2005:

- Conduct and fund empirical research about government gaming
- Offer a 4-year academic degree in tribal casino operations management
- Serve as a national resource for gambling policy issues



Tribal Gaming has Unique Attributes

Courses for the Emphasis:

- HTM 370: History and Culture of Tribal Gaming
- HTM 371: Tribal Casino Operations Mgmt.
- HTM 372: Tribal Gaming Legal and Regulatory Issues
- HTM 373: Tribal Casino Marketing & Tribal Public Relations
- HTM 474: Games Management (elective)
- PSFA 381: Cross-Cultural Interpretations of Gambling Addiction (elective)*

*3 Units of GE Credit/Cultural Competency
now offered fully online

Recent Publications from SITG



The tribal commitment to demonstrating the social and economic impacts of tribal government gaming in the United States

BY KATHERINE A. SPILDE, PH.D.

On October 17, 1988, when Congress passed the Indian Gaming Regulatory Act (IGRA), it was not possible to predict the profound socioeconomic and cultural changes that would occur on and near American Indian reservations in the United States due to gaming on tribal lands.

Tribal governments have invested gaming revenues wisely and continue to grow out of poverty while making substantial capital investments in tribal communities as well. While the income gap between reservations and the rest of the United States remains large, tribal governments have used the opportunity of tribal government gaming to narrow the gap. By now, it is clear to those both in and outside of Indian Country that the two major policy mandates of the 1988 IGRA (to stimulate economic development and to strengthen tribal governments) have been achieved.

While the impacts of tribal gaming are well-known to the tribal governments and communities themselves, I have had the privilege of working with tribal leaders and organizations to help document, articulate and disseminate the cultural, social and economic outcomes related to gaming for nearly 20 years. For the past five years, as chairwoman of the Sycuan Institute on Tribal Gaming at San Diego State University, I have also had the honor of directing much-needed funding to support important research on tribal government gaming's profound social and economic impacts on communities and cultures.

While there are numerous stakeholders with an interest in tribal gaming's impacts, including Congress, state governments and local communities, it is the tribes' commitment to research about tribal government gaming that stands out in the past 25 years. Rather than allow their stories to be told by outside interests that

Economic Evidence on the Effects of the Indian Gaming Regulatory Act on Indians and Non-Indians

Katherine Spilde, Ph.D.

Johnathan B. Taylor

Introduction

The history of United States policy displays a pattern of great swings between the federal government's support for the self-determination of American Indian governments and its attempts to dissolve or suppress it. While the 1970's ushered in what is often referred to by those who work in Indian affairs as the "self-determination era," tribes could count on little federal support for tribal government enhancement or development despite significant demonstrated need. In the 1980's, as Indian households lost ground relative to mainstream America, many tribes began to take matters into their own hands by exercising sovereignty, strengthening their governmental autonomy and stimulating their economies.

The most high profile of these tribally driven self-determination efforts in the late 1970's and early 1980's was the introduction of tribal gaming in a few key states, including Florida, Minnesota and California. After establishing through the courts that tribal civil regulatory authority extends to permitted gambling in these (and all) states, tribal governments expanded and developed a robust gambling industry, acting to create jobs, rebuild their native nations, revitalize their cultures, and achieve other community objectives.¹ When Congress passed the Indian Gaming Regulatory Act (IGRA) in 1988, some tribal leaders perceived the state compacting provision required for casino-style gaming on tribal lands as an erosion of tribal sovereignty that could undermine their early economic development successes and disrupt a precariously success federal-tribal relationship with regard to tribal self-determination.²

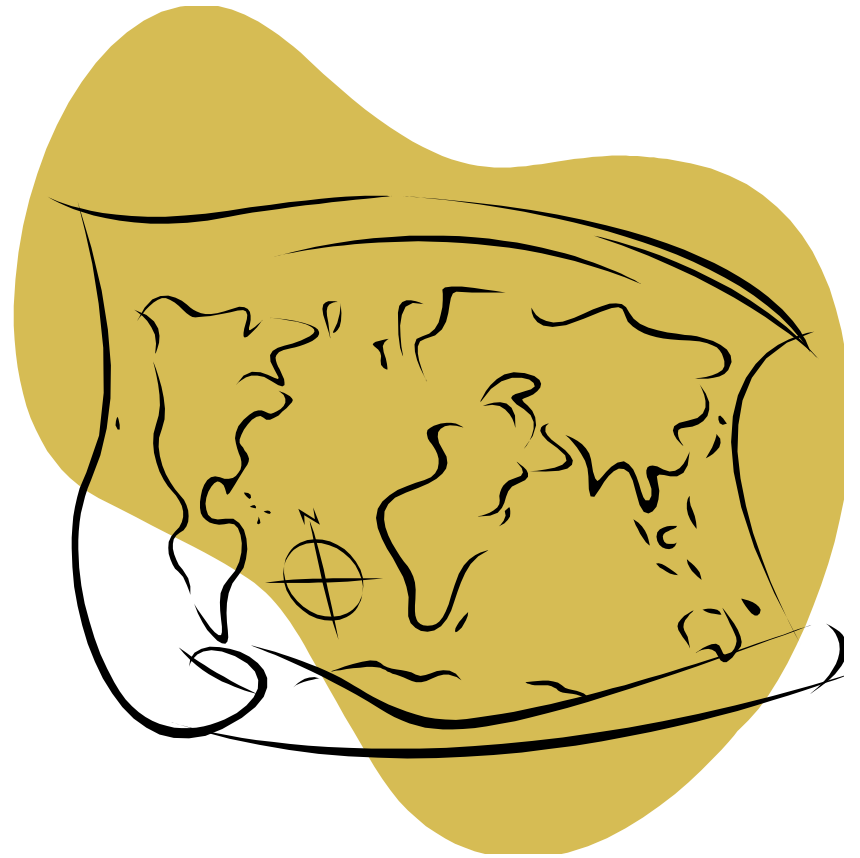
In hindsight, however, the substantial growth and myriad positive impacts of the first twenty years of tribal gaming under IGRA reveal the ways that the federal regulatory

Evaluating the Impacts of Tribal Gaming

- The federal government interest: is IGRA meeting its policy goals?
- The state government interest: is the scope of gaming and the regulation of gaming properly enshrined in the current tribal-state compact(s)?
- The tribal government interest: protecting and enhancing tribal sovereignty while generating governmental revenues
- What about tribal communities? Neighboring communities? Employees? Casino guests?

The Art of Storytelling

- Challenge of data collection in Indian Country
- Famous short story by Jorge Luis Borges:
“A map with a one-to-one scale would defeat its purpose”



Nation Building



- Like other nations around the world, tribal governments are using gaming to support nation building activity
- SDSU takes these “best practices” in tribal government nation building (and casino operations) identified by the Sycuan Institute to other nations around the world



Overview



Why do tribal governments need casinos for economic development?

Tribal governments in political/legal context

Are the goals of IGRA being achieved? How do we know?

Brief overview of 20 years of tribal gaming impact data in the US and California

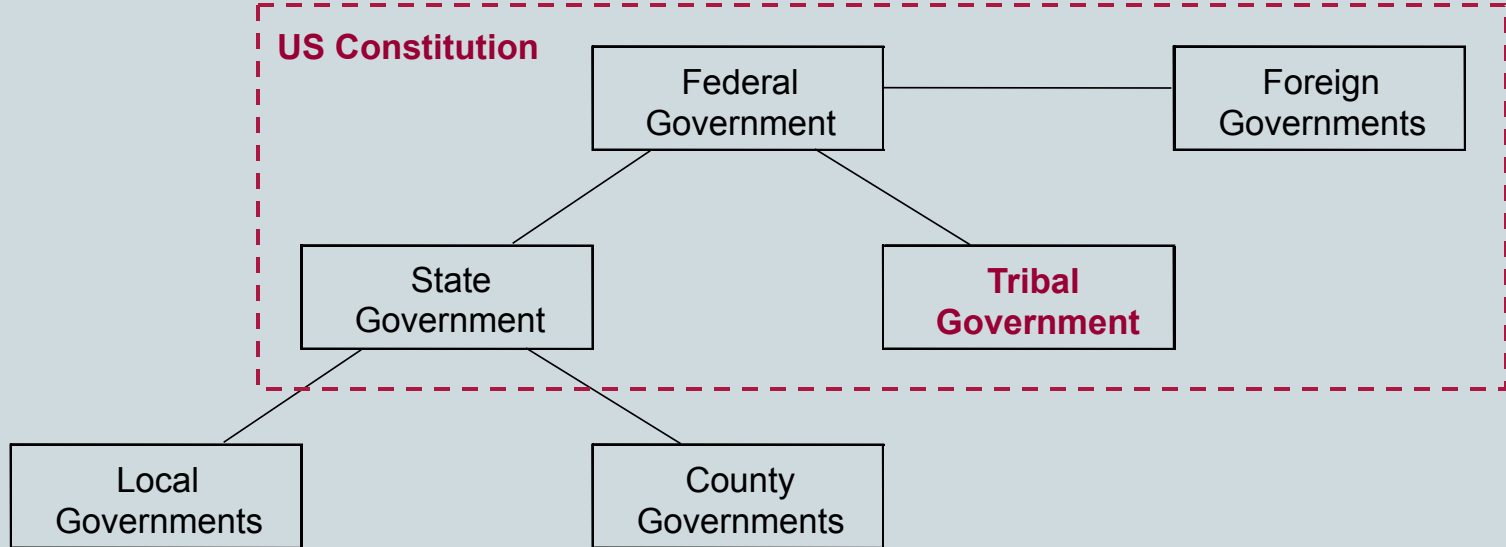
What is the range of tribal views on the impacts of tribal gaming ?

Issues and Areas that have been revealed

Tribes are Recognized Sovereigns

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The US Constitution explicitly recognizes four sovereigns:



American Indian Tribes Suffered a Long-Term Economic Crisis

Disruption of Traditional Government & Culture



Loss of Land & Access to Resources



1492



1790



1830



1890

The General Purposes of Tribal Economic Development/ IGRA



1. Strengthen Tribal Governments to Provide Services to Tribal Citizens



2. Stimulate Economic Development in order to Fill Gaps Left by Federal Funding Shortfalls



Obstacles to Tribal Economic Development



- No tax base
- Land cannot be used for collateral
- Unstable governments/lack of checks & balances
- High unemployment
- Isolated locations
- Lack of workforce
- Infrastructure underdeveloped
- Lenders fear tribal sovereignty/lack of independent judiciary
- Perceived lack of regulation for civil matters



Conditions in Indian Country in 1990

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Indian Country

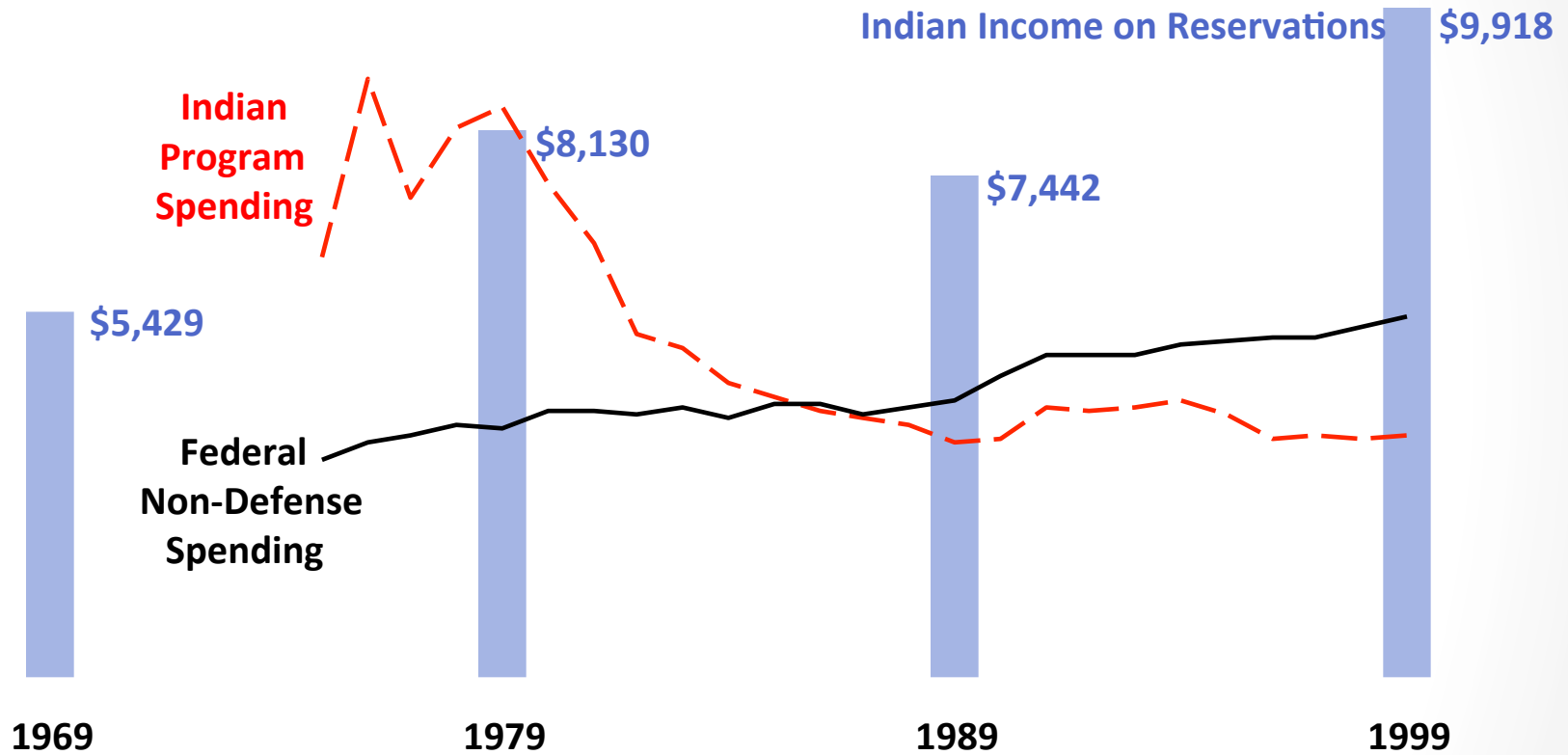
- Per Capita Income was less than $\frac{1}{3}$ of the U.S. Average
- College Attainment was less than half of the U.S. level
- Unemployment was three times the U.S. level

Washington, D.C.

- Federal spending was at disproportionately low levels of per capita spending directed toward tribal citizens
- Stagnation in federal spending on tribal governments since the 1970's.

Income Change and Federal Funding

2007 dollars per capita



Contrasting Frameworks

Jobs and Income

- Responds to outside agendas-unsolicited proposals
- Short term payoffs or specific thresholds only (ROI)
- Economic impact focus
- Outsider proposes & tribe decides
- Economic development is seen as an economic issue
- Solution is money

Nation Building

- Responds to tribal agenda
- Long term payoffs and horizons
- Emphasizes creating a stable environment not dependent on personalities
- Social, cultural, political and economic focus
- Tribe and community initiate
- Development is understood as a political issue with institutional solution

Source: Harvard Project on American Indian Economic Development

Tribal Governments Opened Casinos

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**Desperate for Tribal
Government Revenues**



**Political Rights Allow Exemption from
State Gambling Regulation**



Why Casinos?



Capital Investment

Job Creation



House Advantage



Privilege Industry

- Gambling operations are not a right
- Not subject to market competition
- Government controls public policy so monopoly conditions exist

Government Acts as the House

- Gambling owner has a house advantage
- Higher profit margin than most businesses
- Monopoly limits risk relative to other business ventures, attracts capital

Casinos and Nation (Re)Building



Jobs/Revenue



Tourism/Image



Indian Gaming Regulatory Act of 1988



- Confirmed Status of Gaming Operations on Reservations (Post ***Cabazon*** Decision)
- Tribal Government Operations open since late 1970's
- Clarified Johnson Act Exemption through tribal-state compacting process
- Created a New Tribal-State Government Relationship
- Intensified Tribal engagement with local governments, both formally and informally
- Demonstrated Tribal governments' ability to regulate

Federal Law Governs Uses of Revenues

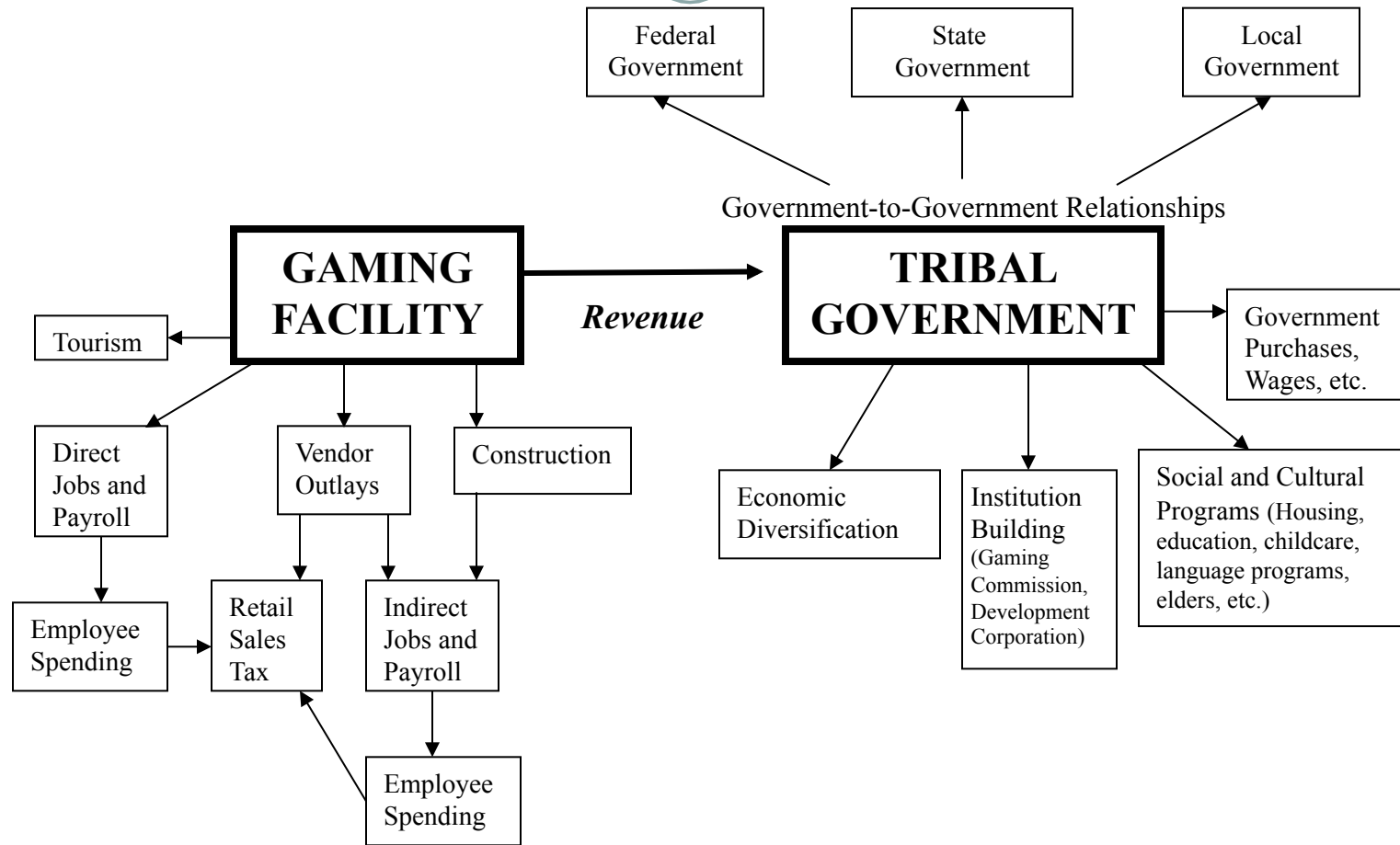
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The Indian Gaming Regulatory Act (IGRA) requires **tribal governments spend gaming revenue** to:

- i. fund tribal **government operations** or programs;
- ii. provide for the **general welfare** of the Indian tribe and its members;
- iii. promote tribal **economic development**;
- iv. donate to **charitable organizations**; or
- v. help fund operations of **local government** agencies.

Tribal Gaming Revenue Flow

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Cultural Match

- When governing institutions reflect the tribal community's prevailing ideas about how authority should be organized and exercised.



Focus on Social Returns

- Indian gaming emerged as a *de facto* federal program
- IGRA requires Indian gaming revenue to be invested in community development
- Evaluation of impacts shows measured recovery



Local vs. National Impacts

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- Context is Critical
- Local impacts are most meaningful but least valued by policy makers
- National impacts most difficult to produce but most valued by policy makers
- Difficult to isolate effects of Indian gaming through quantitative methods
- Correlations: Gaming is the only large-scale economic development tool in the Self Determination era

Five Interdisciplinary Studies

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- **Harvard Project on American Indian Economic Development:**
 - Oklahoma Study: 2002
 - National Impact Study: 2003-2005
- **University of California Study**
 - Impact Analysis of CA: 2005-2006
 - Policy Matters: 2007
- **Sycuan Institute on Tribal Gaming**
 - National Impact Study: January, 2014
 - Impact Analysis of CA: April, 2014

Twenty years of research data

Policy Matters

A Quarterly Publication of the University of California, Riverside

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Mindy Marks and Kate Spilde Contreras¹

Lands of Opportunity: Social and Economic Effects of Tribal Gaming on Localities

Executive Summary

This report describes the social and economic effects of tribal government gaming operations on tribal and local governments in California, comparing changes in key indicators of well-being between 1990 and 2000 across tribal governments in California. It also contrasts these changes in California's tribal governments to those outside the state. These findings suggest that, on the whole, gaming operations have had beneficial effects on the tribes, on communities near gaming facilities, and on California more generally. In particular, the establishment of gaming has had beneficial effects on income levels, poverty rates, employment, and educational attainment. Further, these are progressive effects, meaning that poorer areas received larger benefits than more prosperous areas.

The consequences of tribal government gaming in California are directly related to two identifiable features of the enterprises themselves: 1) the fact that they are owned by tribal governments, and 2) the fact that they must be located on existing tribal trust lands. Tribal government ownership places a natural limit on the growth of casino gaming in California and directs gaming revenues towards socioeconomic recovery in tribal communities and regions. Limiting tribal government gaming to existing trust lands also maximizes gaming's social and economic benefits due to the fact that most Indian reservations in California, even the more prosperous ones, are located in the poorest counties and tracts in the state. However, this also suggests that the benefits of gaming will take some time to elevate the conditions of tribal governments and surrounding areas to those enjoyed by other Americans.

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Social and Economic Change on American Indian Reservations in California

A Databook of the US Censuses and the American Community Survey 1990–2010

Draft of
November 15, 2013
NOT FOR RELEASE OR CITATION

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Socioeconomic Change on Indian Reservations, '90-'00

changes in points unless indicated as %

	Non-Gaming	Gaming	U.S.
Real per capita income	+21%	+36%	+11%
Median household income	+14%	+35%	+4%
Family poverty	-6.9	-11.8	-0.8
Child poverty	-8.1	-11.6	-1.7
Deep poverty**	-1.4	-3.4	-0.4
Public assistance**	+0.7	-1.6	+0.3
Unemployment	-1.8	-4.8	-0.5
Labor force participation	-1.6	+1.6	-1.3
Overcrowded homes**	-1.3	-0.1	+1.1
Homes lacking complete plumbing	-4.6	-3.3	-0.1
Homes lacking complete kitchen**	+1.3	-0.6	+0.2
College graduates	+1.7	+2.6	+4.2
High school or equivalency only	-0.3	+1.8	-1.4
Less than 9th grade education	-5.5	-6.3	-2.8

PRIMARY FINDINGS

- Impacts of tribal government gaming are directly related to two unique features of the gaming enterprises:
 1. Tribal Government ownership
 2. Location on tribal trust lands

- These features place a natural limit on casino gaming in most states and ensure that gaming's benefits are distributed to the poorest regions in those states, which correlate nearly universally with tribal lands.



SECONDARY FINDINGS-CALIFORNIA

- Establishment of Tribal Gaming in California has had beneficial impacts on:
 1. Income Levels
 2. Poverty Rates
 3. Employment
 4. Educational attainment

On and near reservations!



Changes 2000-2010



- **During the first decade of compacted tribal gaming in California, American Indian per capita income grew to \$18,371 and \$16,979 on California reservations with and without casinos, respectively.**
- **This growth among American Indian populations helped close the gap with the US average (\$26,648) although these gains may arguably be due less to gaming's growth than due to the drop in national income associated with the great recession.**

Spillover Effects of Indian Gaming in CA

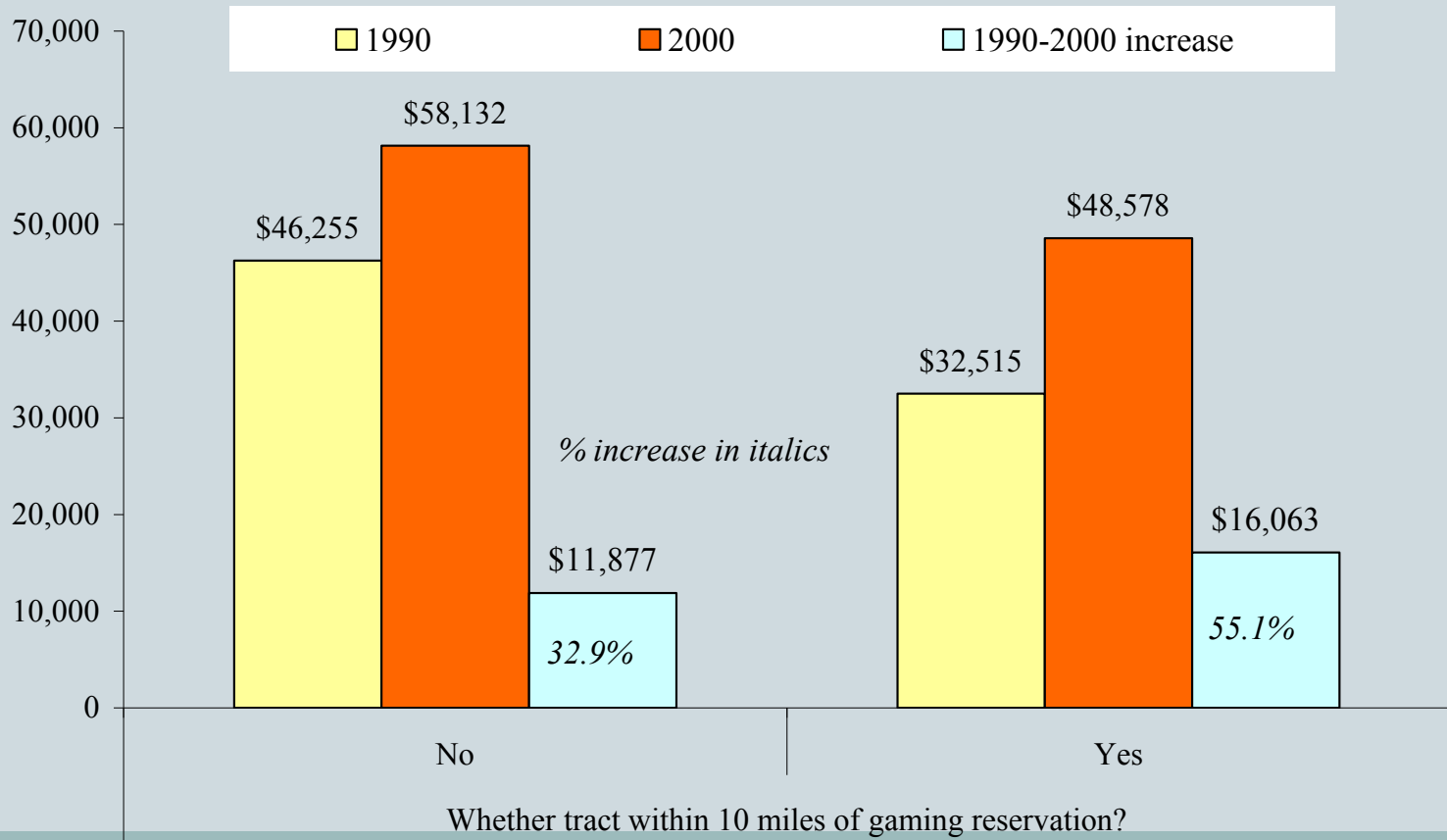


Our main finding is that Indian gaming in California has brought income and employment benefits not just to the residents of gaming reservations but also to the communities and households in close proximity to the reservations that host gaming facilities.



Between 1990 & 2000, median real family income grew significantly faster in tracts close to gaming reservation than in the tracts not close to gaming reservations...

**Median real family income (in constant 2000 \$) in 1990 & 2000,
by proximity of tract to gaming reservation**



CHANGES FROM 2000-2010: SPILLOVER EFFECTS GREW POST-COMPACT

- Significant gains for American Indians on reservations and those who live nearby (Incomes in communities near **reservations with gaming grew significantly (7-11%)** more than those more than 5-10-20 miles away)
- American Indian per-capita income grew to **\$18,361** by 2010 (23% increase since 2000)
- This growth helped close the gap with the **US Average (\$26,893)** although these gains are also due to the drop in national income due to the recession (3% decrease since 2000)



Change in Real Income in the Vicinity of Indian Casinos

California census tracts closer and more distant than 5, 10, and 20 miles

	Income Change 1990–2010	
	median family	per capita
5 miles		
closer	82%	86%
more distant	75%	80%
difference	7%	7%
10 miles		
closer	84%	87%
more distant	74%	79%
difference	10%	8%
20 miles		
closer	83%	88%
more distant	72%	77%
difference	11%	11%

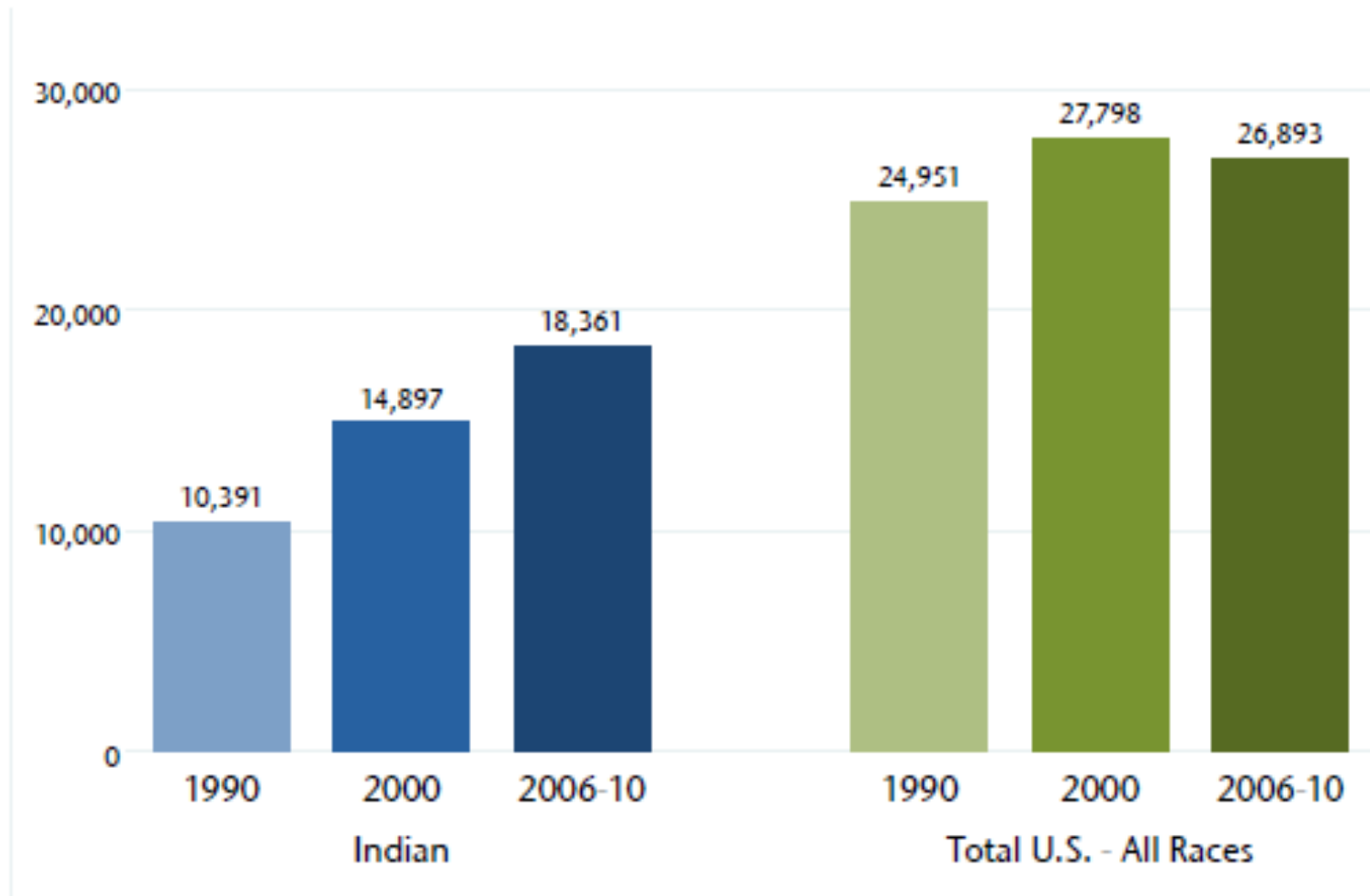


AVERAGE PER CAPITA INCOME

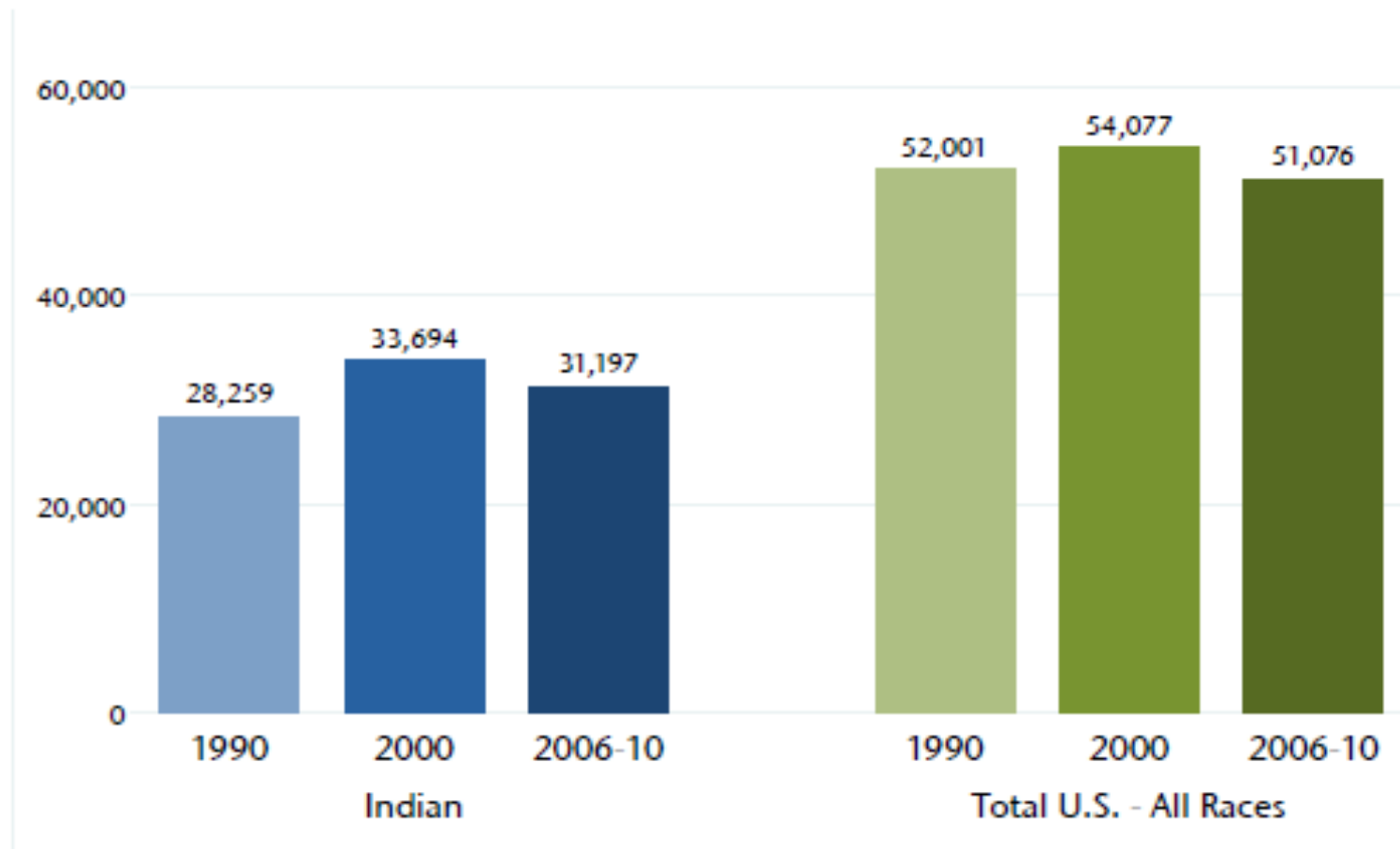
- In communities near Indian reservations with gaming, average income for Californians of all ethnicities **rose more in the 1990s and fell less in the 2000s** than it did for those tracts that were more than 10 miles from a reservation with gaming
- These impacts result from the fact that most American Indian reservations in California, even the more prosperous ones, are generally **located in the poorest counties and tracts in the state.**



Real Per Capita Income California Reservations

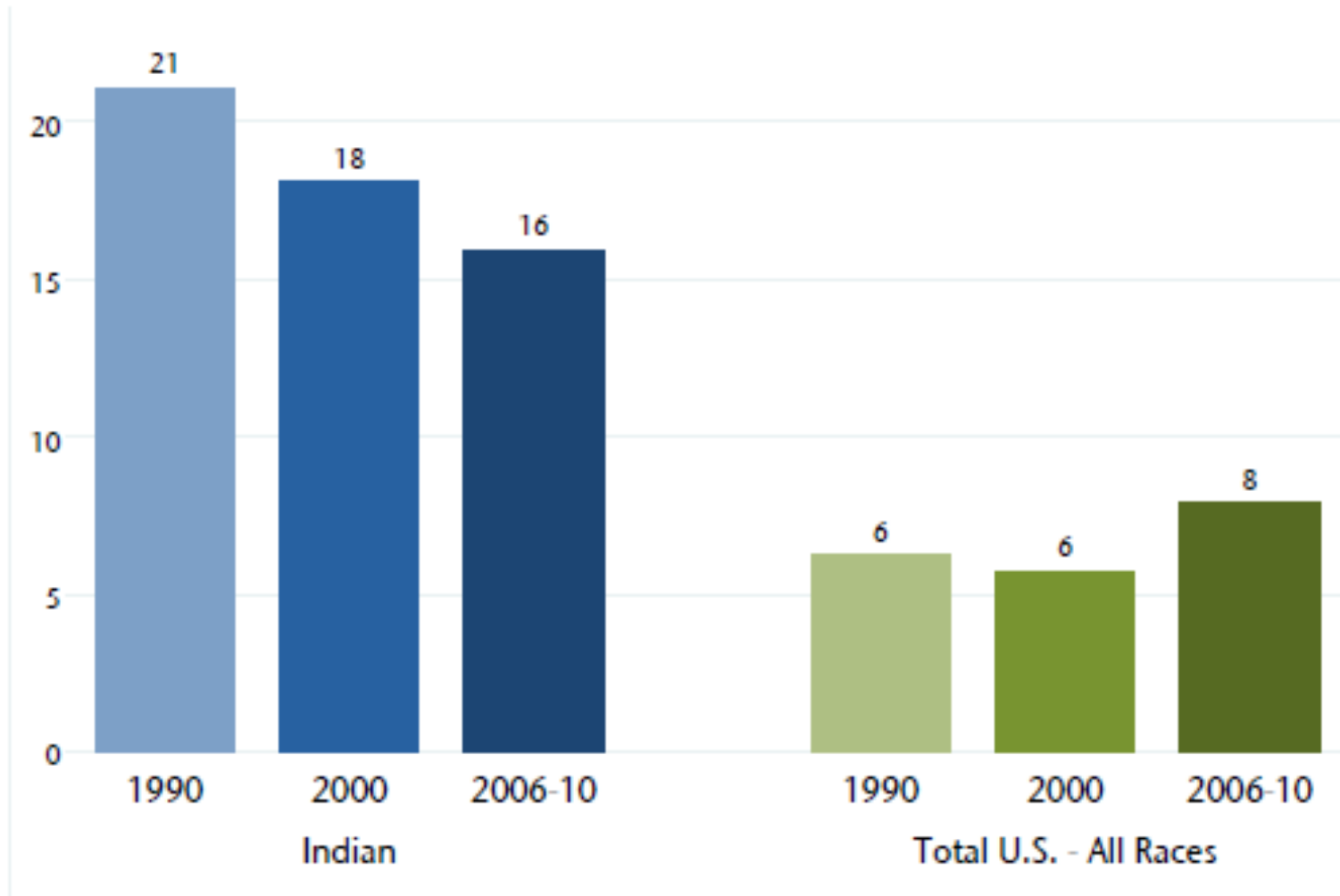


Real Median Household Income California Reservations



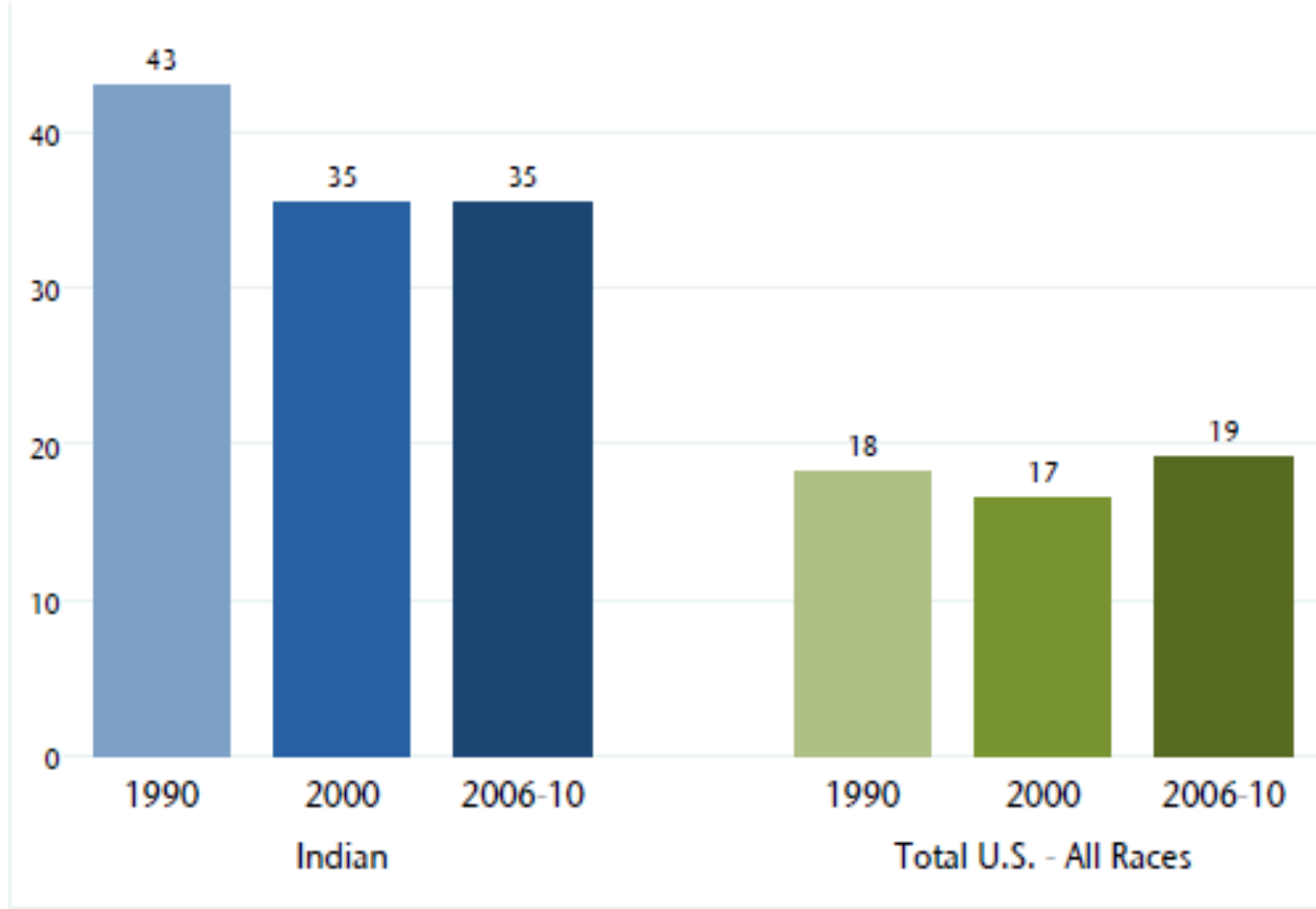
Unemployment Rate

California Tribes

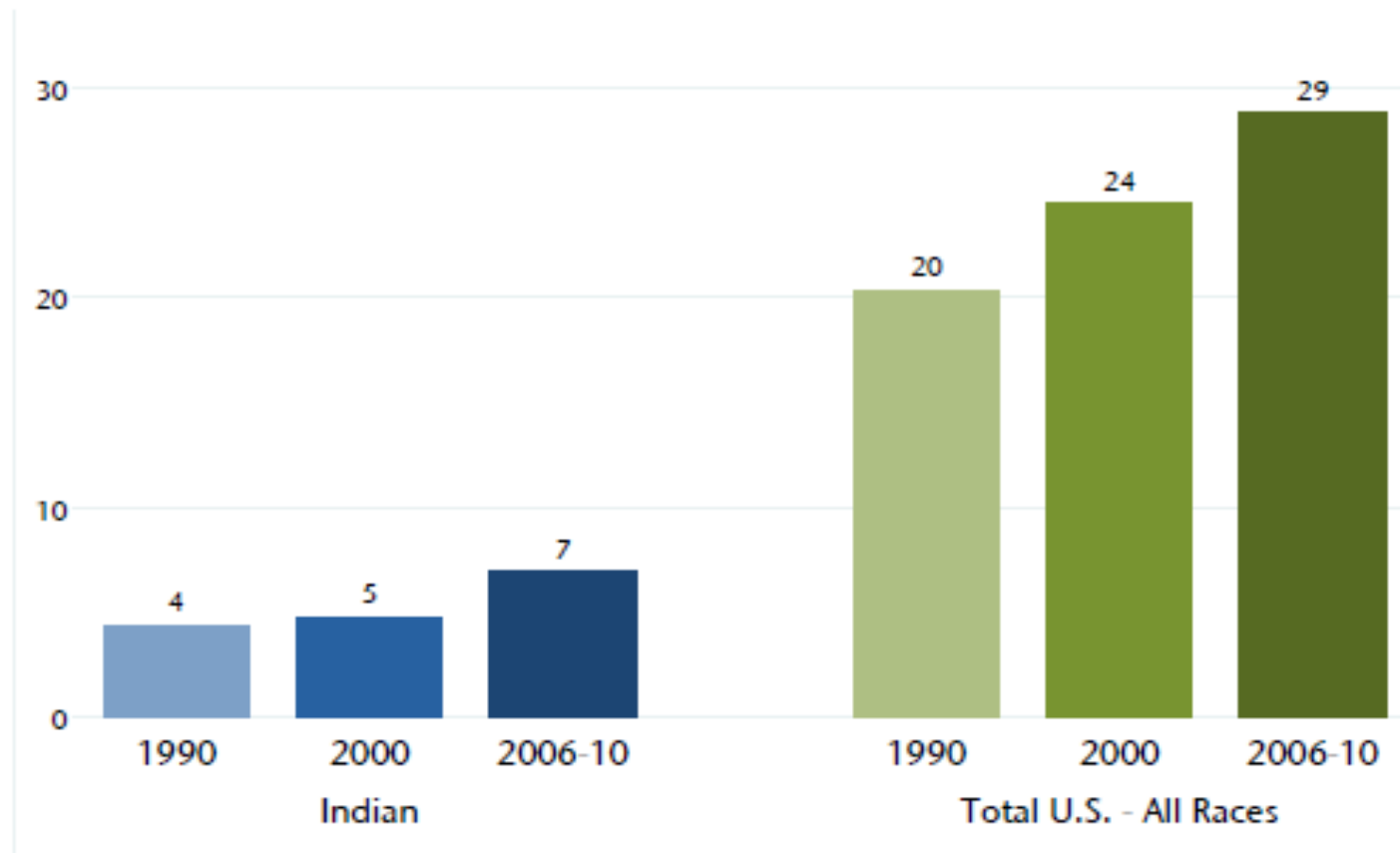


Child Poverty Rate

California Tribes



Percent College Graduates or Higher California Tribes



TRIBES DO NOT SHARE THE SAME GOALS

- “You do not know what you’re doing. You have no goal.”
- “You say you want everybody to be happy, or you want everybody to live long lives and have good health...but what kind of goal is that? That’s the goal of the family dog.”



IS A COMFORTABLE LIFE THE GOAL?

- What we really want is grace. We want understanding, we want to be surrounded by nature and we want to be surprised constantly by discoveries of something spiritual.
- We were not put on earth to be comfortable. We were put here to live as spiritual beings having a human experience.



THE FUTURE OF TRIBAL GAMING: A SHIFT FROM COPING TO THRIVING

Culture of Coping

- Just in Time
- Scarcity
- Fear
- Anxiety
- Competition
- Short Term “Getting By”

Culture of Thriving

- Love
- Traditional Values
- Spiritual Growth
- Art and Music
- Beauty in Nature
- Leaving a Legacy





Resources

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- www.sdsu.edu/htm
- www.ccnn.ucr.edu
- www.ksg.harvard.edu/hpaied
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January, 2014:

Western Indian Gaming Conference
at Morongo Casino

May, 2014:

National Indian Gaming Association
in San Diego

June, 2014:

NCAI Tribal Leaders/Scholars Forum
in Anchorage, AK

August, 2014:

Oklahoma Indian Gaming
Association in OKC

September, 2014:

Global Gaming Expo in LV

November, 2014:

Arizona Indian Gaming Association

