

# The Growth of the Native American Gaming Industry

*What Has the Past Provided, and What Does the Future Hold?*

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What can we say about the phenomenal growth of the Native American gaming industry? In order to evaluate the industry's development we first need to consider its economic, social, and political history. Then, building on this foundation, it will be possible to predict, strictly from an observational perspective, what the future may hold for Native Americans.

Since 1832 the U.S. Supreme Court has upheld the right of Native American tribes to self-rule, allowing them to control everything from fishing, hunting, and mineral rights to the establishment of gaming casinos. In the 1960s no states ran lotteries, and only one, Nevada, allowed casinos. The Indian tribes had yet to discover the potential of gaming, from bingo to glitzy casinos.<sup>1</sup> Beginning in the late 1970s, however, a number of Indian tribes established bingo operations in order to raise revenues to fund tribal governments. In 1987, in *California v. Cabazon Band of Mission Indians*, the U.S. Supreme Court upheld one of the most significant turning points for tribal governments: the legal right of Native American tribes to offer gaming on reservation lands, free of state interference.<sup>2</sup> Essentially, the band argued that its status as a sovereign government prevented state interference in its affairs.

The Cabazon Band is a small tribe with reservation lands near Palm Springs, California. In the mid-1980s, like a number of tribes across the United States, the band ran a modest bingo parlor and a poker room on its reservation. When California state officials threatened to close down its gaming, the band sued the state, and the case made it all the way to the U.S. Supreme Court. The Supreme Court held that because California permitted gambling and even encouraged it through the state's lottery,



its law regulated rather than prohibited gambling. Accordingly, the state could not enforce its gambling laws in order to regulate the tribe's gaming operations. This verdict kicked the door to Indian gaming wide open.<sup>3</sup>

In an effort to provide a regulatory framework for Indian gaming Congress passed the Indian Gaming Regulatory Act (IGRA) in 1988. IGRA provides a statutory basis for the regulation of Native American gaming, specifying several mechanisms and procedures and requiring that all the revenues from gaming activities be used to promote the economic development and welfare of these tribes. For casino gaming, which IGRA terms Class III gaming, the legislation requires tribes to negotiate a compact with their respective states, a provision that has been a continuing source of controversy between the tribes and state and local governments.<sup>4</sup>

#### DEFINITION OF NATIVE AMERICAN GAMING

While this review embodies a general inquiry about the growth of the Native American gaming industry and possibilities the future may hold for America's indigenous people and is not necessarily an exhaustive scholarly research project, I still believe it is helpful to provide here a general definition of tribal gaming.

Tribal gaming is different from other forms of gaming. It is conducted by Native American governments as a way to carry out their natural self-governing rights as independent nations. As such, there are three formal classes of gaming:

- Class I gaming includes social games for prizes of minimal value and traditional forms of tribal gaming as a part of or in connection with tribal ceremonies or celebrations (e.g., contests and games of skill). Because no money is exchanged here, Class I gaming is regulated solely by the tribes.
- Class II gaming includes bingo, other games similar to bingo (e.g., pull-tabs, lotto, punch boards, tip jars, instant bingo) if conducted at the same location, and certain non-house-banked card games allowed in a state (i.e., poker). (Nonbanking refers to poker and other card games in which players bet against each other rather than against the house.) The use of technological aids in conducting such games is permitted. Subject to certain conditions set forth



in IGRA and some oversight by the National Indian Gaming Commission, Class II gaming is also regulated by tribes.

- Class III gaming includes all other types of gaming not considered to be Class I or Class II, including slot machines, other video and electronic games of chance, craps, roulette, pari-mutuel wagering, and house-banked card games like blackjack. Class III gaming is governed by tribal-state compacts.<sup>5</sup>

#### WHAT HAS THE PAST PROVIDED?

The story of the American Indians is, without a doubt, one of survival. It is estimated that in AD 1500, 100 million indigenous people lived in prosperous nations within the current boundaries of the United States. That population would nose-dive, however, to a scant 250,000 by 1900 as a result of germ warfare, military actions, and genocidal policies. As U.S. Gen. William T. Sherman would complain in the mid-1800s, if not for civilian interference, his army would have gotten rid of all American Indians.<sup>6</sup>

The poverty and other substandard economic situations of most Indian tribes in the past are undisputed. Native Americans traditionally have been among the poorest of the poor.<sup>7</sup> One of the main obstacles to economic success for these tribes has been the location of their lands. Many tribal reservations, *rancherías*, pueblos, and other landholdings are in rural or isolated locations. Remoteness was often preferable from a cultural-preservation standpoint, but it worked against later efforts to develop economies on the reservations. Access to markets is one of the most important components of economy building, and much tribal land is simply too isolated to attract customers. Examples of this in Indian gaming can be seen where location is the key factor in a gaming facility's success.<sup>8</sup> Those tribal casinos that are most successful are located close to urban markets.<sup>9</sup> Location can be particularly favorable to Indian casinos in the case of an economic downturn; when airplane fares and other costs of transportation are high, some gaming customers prefer to drive to a relatively close Indian casino instead of to large gaming establishments that are farther away. Gaming in Nevada was once considered to be recession proof, but the severe recession of 2009 disproved that and resulted in layoffs and high unemployment levels, especially in Las Vegas.



One observer likened Native American communities to Third World countries operating within state borders. In a ten-year (1990–2000) review of the socioeconomic status of our indigenous people, Taylor and Kalt found that by 1990 the family poverty rate for all Indian areas that were specifically involved with gaming was 36 percent.<sup>10</sup> For example, nearly half of the Indians in New Mexico lived below the poverty level. Even as late as 1996, one-quarter lived in homes without plumbing. In addition, unemployment rates as high as 25 percent stifled hopes of a better life for many. Nonetheless, in an effort to improve the economic condition of New Mexico's Indian tribes, some tribes decided to open high-stakes gaming casinos on their respective reservations.<sup>11</sup>

#### GROWTH OF NATIVE AMERICAN CASINOS

In 1995, prior to the explosive development of Native American gaming, some tribal leaders were cautious, even skeptical about the impact such development would have on the Indian community. Most leaders had expressed both professional and personal concerns about the impact that gaming expansion would have on the quality of life for tribal members. In 1988 seventy Indian reservations in sixteen states were generating more than \$100 million from nonbanking card games such as poker to satellite bingo parlors and such highly visible gaming ventures as full-service casinos, just as states had done with lotteries decades earlier.<sup>12</sup> By 2000 the fears of negative effects on the Indian way of life were no longer as apparent. Tribal leaders became more positive about the addition of gaming to the community.<sup>13</sup> By 2001 gaming had become one of the fastest-growing sectors of the U.S. tourism industry, with \$63.3 billion wagered in casinos, lotteries, race tracks, and bingo halls. Some \$12.8 billion of that amount was spent within Native American casinos, nearly doubling the \$7.4 billion generated in 1997.<sup>14</sup> Between 2002 and 2005 tribal gaming has done what no other antipoverty program has been able to accomplish in reversing the cycle of displacement and impoverishment of Native Americans: tribal gaming has been hailed as the “new buffalo” for Indians and has been credited with wresting once-destitute reservations from the grip of poverty, unemployment, and welfare dependency.<sup>15</sup> In 2004 tribal gaming operators in six states were generating the following gross revenues: California, \$4.7 billion; Connecticut, \$2 billion; Minnesota, \$1.4 billion; Arizona, \$1.2 billion; Wisconsin, \$1 bil-



lion; and Michigan, \$870 million. This was about 57 percent of the gross tribal gaming revenues for that year.<sup>16</sup> By 2005 the growth of Indian gaming was even more impressive when compared to other segments of the casino gaming industry. In fact, tribal gaming grew more than three times greater than did that of the non-Native American gaming casino segment, with revenues topping \$22.6 billion.<sup>17</sup>

Casino growth on a national level has occurred most significantly in Native American communities.<sup>18</sup> One of the main reasons for this is, as mentioned earlier, that tribal communities have the ability to self-govern without the influence of state governments. As of 2006, because of their ability to self-govern, gaming tribes operated in twenty-eight states: Alaska, Arizona, California, Colorado, Connecticut, Florida, Idaho, Iowa, Kansas, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Washington, Wisconsin, and Wyoming. Four of these states, California, Connecticut, Florida, and New York, experienced major growth in tribal gaming.<sup>19</sup>

By 2006, of the 562 federally recognized Indian tribes, a total of 226 tribes in 28 states were engaged in some form of gaming.<sup>20</sup> In 2007, even amidst a struggling economy, gaming revenue at Indian gaming facilities grew at a modest pace of 5 percent over 2006.<sup>21</sup> Also in 2007, and in Oklahoma, the state with the most gaming facilities, tribal casino revenue jumped 22.3 percent.<sup>22</sup>

As of 2008 233 Indian tribes, including two Alaska Native villages, operated 411 casinos, bingo halls, and pull-tab operations spread throughout the same 28 states listed above, creating more than 636,000 jobs: 284,000 direct Indian gaming, 102,000 indirect Indian gaming, and 208,000 Indian gaming and government projects.<sup>23</sup> In addition, Indian gaming revenues, as shown in figure 1, topped \$26.7 billion. This compares very favorably to revenues of \$7.4 billion twelve years earlier.<sup>24</sup>

Of the six Indian gaming regions shown in table 1, in terms of number of operations, Region V showed the greatest growth, 38.9 percent, between 2001 and 2007 (table 2). In terms of revenue growth, as shown in table 3, Region V again experienced the greatest increase over the same six-year period: 482.9 percent.<sup>25</sup>

Even with the growth of tribal gaming, more than two-thirds of Native American tribes do not participate in gaming at all. Some tribes, such as the Navajo Nation, have for the longest time rejected Indian



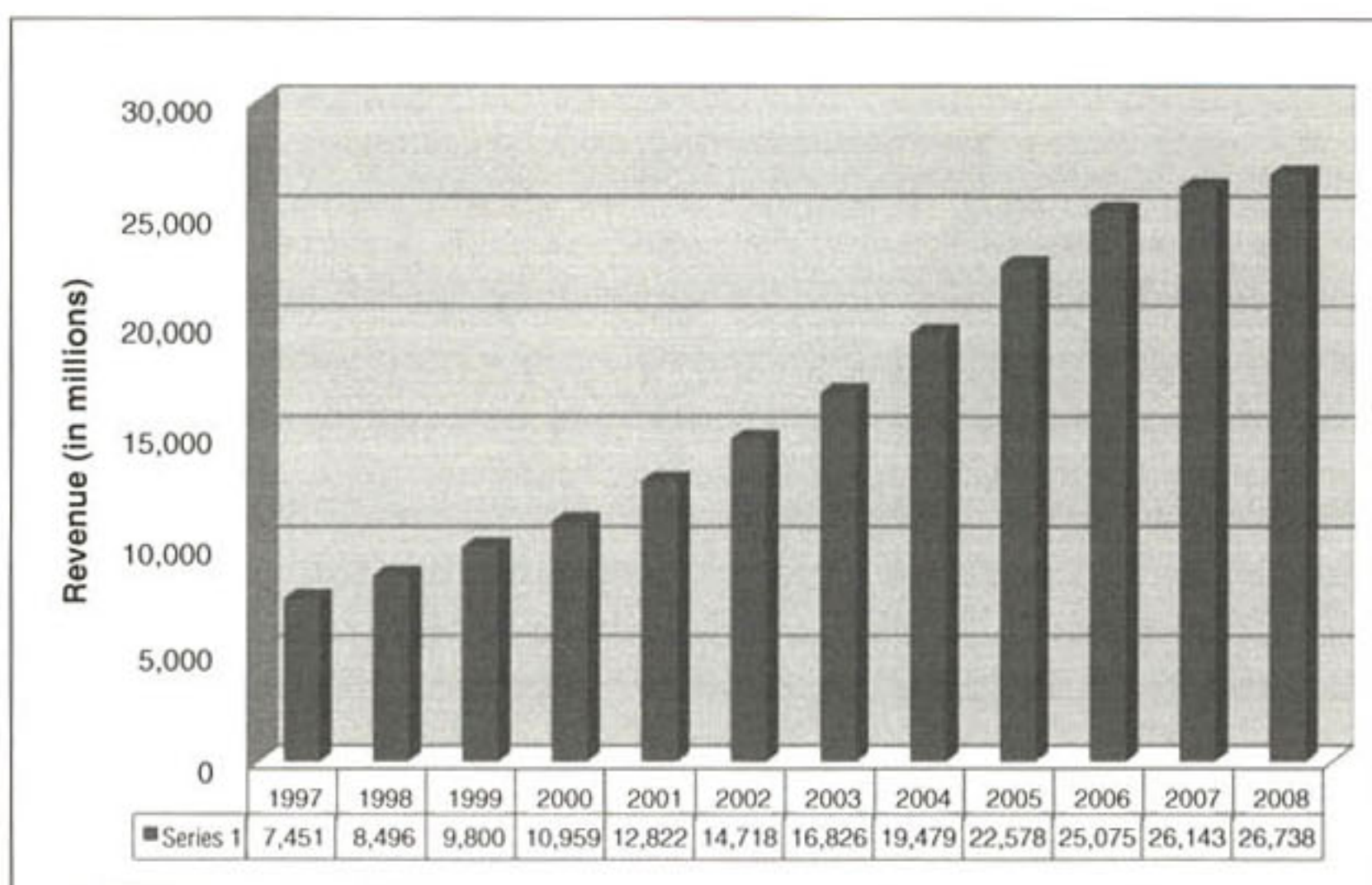


Fig. 1. Twelve-year revenue growth in Native American gaming. National Indian Gaming Commission (June 2009).

gaming in referenda—at least up to 2006. In a 2006 statement Navajo Nation president Joe Shirley Jr. affirmed: “If everything falls into place, we will see our first casino in short order.”<sup>26</sup> Other tribal governments are in the midst of policy debates on whether or not to permit gaming and related commercial developments on their reservations.<sup>27</sup>

In 2008, after much debate, the Navajo Nation finally approved its first casino, offering slot machines, a bingo hall, and table games such as blackjack and poker. It is called Fire Rock Casino and is located just east of Gallup, New Mexico, along Interstate 40.<sup>28</sup> The casino has surprised everyone in terms of the actual revenue it is producing. In fact, it is doing so well that the Navajo Gaming Enterprise is hoping to build three more casinos as soon as possible.<sup>29</sup>

#### SOCIOECONOMIC EFFECTS OF NATIVE AMERICAN GAMING

##### *The Rise of Tribal Self-Determination, Starting with Tribal Sovereignty*

Signed in 1778, the first U.S. treaty with an Indian nation affirmed the right of tribal self-governance.<sup>30</sup> Under the American legal system Indian tribes have sovereign powers separate and independent from the



TABLE 1. Native American gaming regions

Region I	Alaska, Idaho, Oregon, and Washington
Region II	California and northern Nevada
Region III	Arizona, Colorado, New Mexico, and southern Nevada
Region IV	Iowa, Michigan, Minnesota, Montana, North Dakota, Nebraska, South Dakota, Wisconsin, and Wyoming
Region V	Kansas, Oklahoma, and Texas
Region VI	Alabama, Connecticut, Florida, Louisiana, Mississippi, North Carolina, and New York

Source: National Indian Gaming Association, 2008 annual report, June 2009, [http://www.indiangaming.org/info/pr/press-releases-2009/NIGA\\_Annual\\_Report\\_2008.pdf](http://www.indiangaming.org/info/pr/press-releases-2009/NIGA_Annual_Report_2008.pdf).

TABLE 2. Number of gaming operations (by region)

Region	6-Year Change	6-Year Change (%)	2001	2002	2003	2004	2005	2006	2007
I	-4	-8.5	47	47	46	45	49	46	43
II	10	20.8	48	51	54	54	57	56	58
III	10	29.4	34	40	43	45	48	45	44
IV	30	38.0	79	109	109	117	118	122	109
V	28	38.9	72	79	82	87	92	98	100
VI	7	33.3	21	22	24	27	28	27	28
Total	81	26.9	301	348	358	375	392	394	382

Source: National Indian Gaming Association, 2008 annual report, June 2009, [http://www.indiangaming.org/info/pr/press-releases-2009/NIGA\\_Annual\\_Report\\_2008.pdf](http://www.indiangaming.org/info/pr/press-releases-2009/NIGA_Annual_Report_2008.pdf).

TABLE 3. Gaming revenues by region (shown in millions of dollars)

Region	6-Year Change	6-Year Change (%)	2001	2002	2003	2004	2005	2006	2007
I	1,195	118.0	1,013	1,230	1,441	1,601	1,830	2,080	2,208
II	4,904	169.6	2,891	3,678	4,669	5,822	6,983	7,675	7,795
III	1,208	74.0	1,633	1,782	1,898	2,159	2,529	2,719	2,841
IV	964	29.6	3,254	3,537	3,597	3,815	3,984	4,070	4,218
V	2,115	482.9	438	652	867	1,258	1,730	2,126	2,553
VI	2,809	78.2	3,591	3,835	4,352	4,820	5,514	6,219	6,400
Total	13,193	102.9	12,822	14,717	16,826	19,479	22,570	24,889	26,015

Source: National Indian Gaming Association, 2008 annual report, June 2009, [http://www.indiangaming.org/info/pr/press-releases-2009/NIGA\\_Annual\\_Report\\_2008.pdf](http://www.indiangaming.org/info/pr/press-releases-2009/NIGA_Annual_Report_2008.pdf).



federal and state governments.<sup>31</sup> Tribal sovereignty refers to the inherent authority of indigenous tribes to govern themselves, and power is not delegated by congressional acts.

In the early 1800s the dispute over Native American sovereignty was a significant political issue, fought in courts and legislatures across the country. Fifty-three years after the first treaty with an Indian nation was acknowledged, in 1831 and 1832, two U.S. state supreme court decisions determined that Native American tribes were independent communities with original natural rights. Still, Congress and states can limit tribal sovereignty.<sup>32</sup> The state of California did just that when in 2004 the California Appellate Court dealt a blow to Indian sovereignty in ruling that California Indian tribes must disclose their campaign contributions publicly.<sup>33</sup>

While the sovereignty of Indian tribes had not been extinguished in earlier eras, the *de facto* sovereignty (i.e., the powers actually exercised by the tribes) had atrophied. Consequently, Native American leaders began to reverse the erosion to regain their sovereignty. By the 1970s, the beginning of tribal gaming, tribal political mobilization had gathered enough momentum to begin altering the terms of Native American policy.

At the federal level, new legislation began to return the power to manage their communities to Indian tribes. With the Indian Self-Determination and Education Assistance Act (ISDEAA) of 1975, tribes gained the ability to become conduits to the federal government for the services that had previously been provided by the Bureau of Indian Affairs (BIA) and/or Indian Health Services (IHS) and to receive the associated funding to dispense as they saw fit. Subsequent amendments and extensions of the ISDEAAs of 1975 granted tribes substantial discretionary power to reallocate funds of federal programs and thereby take responsibility for prioritizing tribal policy.

Self-governance has been a tribally driven initiative made possible through congressional authorization and appropriation support. Self-governance was proposed by tribes who continued to be frustrated with the federal Indian bureaucracy. Public Law 93-638 authorized Indian tribes and organizations to contract and operate federal service programs with the Bureau of Indian Affairs and Indian Health Services. It was, and to some extent remains, a bureaucracy (i.e., BIA and IHS) that was reluctant to change its role from that of a service provider and man-



ager of tribal affairs to that of an advocate as well as a provider of financial resources and assistance for tribal self-governance and control.<sup>34</sup>

*Socioeconomic Status on Reservations prior to  
the Introduction of Native American Gaming*

I believe, after examining the literature that has been published, that no self-determination policy has successfully created economic development on Native American reservations. The preceding centuries' policies of forced assimilation, allotment, reorganization, and associated BIA mismanagement and corruption left reservation Native Americans the poorest minority in the United States, with little or no hope of escape from destitution. The swings of the Native American policy pendulum are direct consequences of the stubbornness of the Indian problems.

It is difficult to overstate the poverty of Indian reservations. Across virtually every measure of social health, conditions are far below national averages. As Senator John McCain has observed:

Native American families live below the poverty line at rates nearly three times the national average. Nearly one of every three Native Americans lives below the poverty line. One-half of all Native American children under the age of 6 on reservations are living in poverty.

On average, Native American families earn less than two-thirds the incomes of non-Native American families. As these statistics indicate, poverty in Native American country is an everyday reality that pervades every aspect of Native American life. In this country, we pride ourselves on our ability to provide homes for our loved ones. But, in Native American country, a good, safe home is a rare commodity.

There are approximately 90,000 Native American families in Native American country who are homeless or under-housed. One-third of the Native American homes are considered to be overcrowded; nearly one in five Native American homes on the reservation is classified as severely overcrowded. One out of every five Native American homes lacks adequate plumbing facilities. Simple conveniences that the rest of us take for granted remain out of the grasp of many Native American families.



Native Americans suffer from diabetes at two-and-a-half times the national rate. Native American children suffer the wrenching effects of fetal alcohol syndrome at rates far exceeding the national average. Perhaps most shocking of all, Native American youth between 5 and 14 years of age commit suicide at twice the national rate. The suicide rate for Native Americans between the ages of 15 and 24 is nearly three times the national rate.<sup>35</sup>

*Socioeconomic Impacts on Reservations after  
the Introduction of Native American Gaming*

Again, federal policy toward Native American tribes has vacillated between efforts to assimilate individual tribes and break up reservation communities and policies of federal support of various kinds for tribal communities and reservations. These divergent and often conflicting policy approaches have had at least one thing in common: until the late 1970s, all of them failed to ameliorate the poverty and abject social conditions on Indian lands.<sup>36</sup> Since that time, Taylor, Krepps, and Wang have found that there was no evidence of harmful economic or social impacts due to the introduction of Native American casinos. In fact, according to these same researchers,

Indian casinos have substantial beneficial economic and social impacts on surrounding communities. Moreover, the positive economic and social impact of Indian casinos is measurably greater on surrounding communities than the impact of non-Indian casinos. Further analysis reveals that this effect is driven by the fact that Indian casinos are more likely to be located in relatively economically depressed areas displaying lower average incomes prior to casino introductions.<sup>37</sup>

Prior to 1989 and before the signing of any state-tribal casino compacts under the auspices of IGRA, the average unemployment rate for Indian tribes (i.e., those that were studied) was 38 percent. As of 1995 the rate of unemployment had fallen 13 percent for tribes that opened casinos in the interim, while the unemployment rate for tribes without casinos was statistically unchanged. Whereas these aggregate statistics indicate how pervasive the positive economic impact of gaming has been for many tribes, closer analysis of individual tribes' experiences



TABLE 4. Tribal unemployment pre- and postgaming

Tribes	First Full Year of Gaming	1987 (%)	1989 (%)	1991 (%)	1993 (%)	1995 (%)
Ho-Chunk, Wisconsin Winnebago	1993	19	19	17	—	6
Oneida	1992	25	22	19	19	4
Sault Ste. Marie Chippewa	1992–93	55	47	49	32	27
Standing Rock Sioux	1994	79	87	63	62	29

Source: Bureau of Indian Affairs, Indian Service Population and Labor Force Estimates, 1989 and 1995.

shows quite dramatically what a difference the addition of casino jobs can make. As shown in table 4, all of the four tribes for which data were gathered showed significant drops in unemployment after the opening of casinos. The average percentage drop from 1987 through 1995 for all four casinos was 67 percent, with the Oneida tribe of Wisconsin showing a decrease in unemployment of 84 percent.<sup>38</sup>

Today Native American governments are using revenues from gaming to invest in a variety of political campaigns and charities. For instance, since 1969 more than two hundred tribes have given \$28 million to federal candidates and national political parties. In 2004 tribal contributions grew to \$8.6 million.<sup>39</sup> Tribal communities have also invested in schools, roads, and other types of businesses (e.g., gift shops, motels, restaurants, golf courses, shopping centers, specialty stores, banks, construction companies, RV parks/campgrounds, museums, etc.). Also, a number of tribal businesses are now major employers, often providing jobs in areas of historically high unemployment.<sup>40</sup> In addition, a number of tribes have created successful gaming enterprises whose revenues and jobs are bringing about major social benefits, reducing welfare transfers, improving the quality of service programs (i.e., emergency services), increasing health outcomes (i.e., nursing homes), and increasing educational attainment. For instance, the Yavapai-Apache Nation from the Verde Valley, Arizona, has invested heavily in education. This tribe reports that after just three years graduation rates soared from 40 percent to 70 percent.<sup>41</sup> These socioeconomic changes are also bringing about reductions in social pathologies such as domestic violence, crime, and suicide rates.<sup>42</sup> Many tribal members serve on city and county school



boards and chambers of commerce. Moreover, Indian tribes support local law enforcement and finance small-business development. Many of these community projects are on or near reservations, serving Native American and non-Native American communities alike. A few studies have explored the social impacts of gaming in rural communities.<sup>43</sup> Between 1990 and 2000 the number of members of gaming tribes who had less than a ninth-grade education decreased from 14 percent to 8 percent, or 42.9 percent, an average decline of 4.3 percent per year.<sup>44</sup>

Between 1990 and 2000 the California Native American tribes, as a result of their involvement with casinos, experienced a reduction in the percentage of families in poverty from 36 percent in 1990 to 26 percent in 2000, a ten-year poverty reduction of 27.8 percent for an average of 2.8 percent per year. During this same time frame 22 percent (i.e., seventeen tribes) of the California tribes exhibited consistent real income per capita growth, another 22 percent (i.e., seventeen tribes) experienced aggressive growth, and 18 percent (i.e., fourteen tribes) experienced anemic growth.

Clearly, California gaming tribes have fared much better than non-gaming tribes, with gaming tribes' per capita average income increasing 55 percent between 1990 and 2000 as opposed to 15 percent on nongaming reservations. In addition, the establishment of California tribal gaming during the same time frame was associated with the largest increases in median family income and the greatest decreases in the number of families on public assistance among the poorest communities.<sup>45</sup>

By 2005 Indian gambling on tribal lands had become a significant political issue in California. In fact, several tribes contributed more than \$9 million to help the campaigns of key Democratic candidates. During this time California had more tribes engaged in gaming than any other state, with forty-three hosting some form of gaming.<sup>46</sup>

Besides experiencing major positive social impacts, some tribes with gaming have experienced modest positive socioeconomic impacts. For example, a number of Native American tribes have turned to successful gaming operations for revenues that would keep tribal governments programs at pregaming levels of scope and effectiveness. These communities have at least managed to keep conditions from worsening; at best, they have made progress on a modest number of social programs for a fraction of their membership.

Despite the gains made by tribal governments for our indigenous



families since the beginning of Indian gaming, the challenges to health, welfare, and hope in Indian Country remain profound. They also remind us yet again of the great work left undone in Native America:

- The average median income for American Indian households in 2005 was \$33,627 compared to the national average median income of \$46,037. In other words, American Indian households earn 73 percent of the average earned by other American households.
- The poverty rate among American Indians is 25.3 percent compared with the national poverty rate of 12.6 percent.
- Unemployment among American Indians is 9.3 percent compared with 5.1 percent nationwide, except now the national rate is higher.
- American Indians are victimized by violent crime at a rate almost two and one-half times higher than the rate of violent victimization among Americans nationwide.
- The rate of death by homicide is 32 percent higher among American Indians than the national rate.
- Infant mortality is 25 percent higher among American Indians than the national rate.
- Life expectancy among American Indians is more than 2.4 years lower than the national average.
- The rate of death from alcoholism is 510 percent greater among American Indians than the national rate.
- The rate of death by suicide is 62 percent greater among American Indians than the national average.
- In tribal areas 6.9 percent of homes are overcrowded compared to a national rate of 3.1 percent.
- 2.6 percent of homes in tribal areas lack complete plumbing facilities compared with 0.42 percent nationwide.
- The high school dropout rate is 50.6 percent higher among American Indians than the national rate.
- Only 13.6 percent of American Indians have attained a bachelor's degree or higher compared with 27.2 percent of the general public.<sup>47</sup>

There are some tribes, however, whose gaming revenues make a very small financial contribution or create a limited positive impact on social problems because remoteness or regional competition limits the success of a gaming enterprise, and for these tribes social problems are monu-



mental or reservation populations are relatively large. For these Native Americans, gaming does not bring dramatic or even modest change in employment and fiscal health; thus, the tribes' social health is dependent on the level of federal funding and what preexisting enterprises may have supported the tribal government. In this category one would find tribes with gaming whose socioeconomic health might be holding steady or improving only slightly. While the gains may be relatively small for these tribes as a whole, the social and economic impacts may be monumental for those whose lives are directly affected by employment and incremental government spending.<sup>48</sup>

Even though Indian gaming communities have made noteworthy contributions to their tribes, not all tribal casinos have been successful. Failures include the Lummi and Nooksack casinos in the state of Washington and several small casinos in rural areas throughout the northern tier of states. Much of the failure is due to poor locations, unrealistic expectations, unfulfilled promises, high debt-to-income ratio, and poor management both on the part of the tribes and the management companies hired.<sup>49</sup> Also, American Indian gaming has been critiqued by some as not being successful enough because of its supposed failure to help all Native Americans, particularly the poorest, like those on the Great Plains. These perceived shortcomings have commanded attention from the popular media, the public, and policy makers.<sup>50</sup> For example, U.S. Representative Frank R. Wolf (R-VA) stated in a press release on June 19, 2001: "Gambling has ruined countless lives. . . . The level of crime, suicide, and bankruptcy in a community invariably rises when a casino opens its doors."<sup>51</sup>

Despite the negative statements made by Representative Wolf and others, tribes that are involved in gaming are making positive impacts on surrounding counties and adjacent businesses. Not only are they proving to be savvy business partners, but they also are forcing companies involved in gaming, such as those that supply slot machines or help establish casino security systems, to work on tribal terms and according to Native American practices.<sup>52</sup>

#### WHAT DOES THE FUTURE HOLD?

Today Indian gaming is a visible exercise of the sovereign authority of tribes. And despite tough economic conditions, the industry remains



strong. While the numbers are down for the 2008 economic year, Indian gaming thrives in certain regions of the country. For example, Oklahoma and Florida continue to see growth, and Indian gaming has become a central part of many local economies.<sup>53</sup> As long as most Americans consider gaming to be an acceptable form of entertainment, it is likely that tribal gaming will be an important part of the U.S. scene.<sup>54</sup> As some Indian tribes have achieved significant wealth, they have also become bigger targets for plaintiffs and now face many of the same liability exposures as non-Native American gaming enterprises. Given the special relationship between the Indian tribes, these communities must be certain that the liability odds are and will remain in their favor.<sup>55</sup>

It is difficult to measure the direct and indirect economic impacts of gaming on tribal communities. Even though Native Americans have struggled to assess these impacts, much of the literature suggests that the Indian tribes derive significant direct and indirect economic benefits from casino gaming operations. In addition, casino operations appear to be more economically stable than other types of businesses in the amusement and recreation sectors.<sup>56</sup> That is why casino gaming is considered by many financially struggling Native American communities as a positive economic enhancement that will solve some of their fiscal issues. Many Indian communities also hope that additional jobs, increased wages, increased property values, and reduced need for public assistance engendered by casino operations will result in a stimulated local economy.<sup>57</sup>

Seventy-two percent of Native American tribes have invested gaming revenues in new tribal ventures in an effort to diversify the existing mix of business enterprises, and 92 percent of the gaming tribes have experienced major growth in new employment opportunities—for instance, one tribe created 11,500 new jobs, employing 200 tribal members.<sup>58</sup> Furthermore, the wide-ranging social and economic impacts of Indian gaming attract businesses on many different levels. Because of tribal investments in schools, hospitals, law enforcement, and so on, these social and economic development programs can make relocation to the area more attractive to outside investors, workers, and residents alike.

In addition to positive community and social impacts, Native American gaming has given tribes access to cash, something they have lacked in the past.<sup>59</sup> In addition, 64 percent of the tribes have reported an overall positive educational impact from gaming revenues, which enabled



more tribal members to take advantage of higher education opportunities. And tribes with hefty gaming revenues are increasing important services for their youngest and oldest tribal members.<sup>60</sup>

One of the new ways the gaming industry is growing is through what critics call “reservation shopping”—the push to build Native American casinos on nonreservation land. It is a big issue for many communities around the country, with foreign investors and wealthy tribes funding new Indian casinos on land with questionable historic ties to Native American groups.<sup>61</sup>

Americans understand that Indian tribes are making important gains through tribal gaming. A national poll commissioned by the National Indian Gaming Association in 2007 found that more than 75 percent of Americans agree that Native American tribes benefit from having casinos. That is not surprising, because more than 24.5 million Americans visited Native American gaming facilities in 2006 and saw firsthand the progress that Indian tribes are making through tribal gaming. In 2006 Native American gaming generated an additional \$2.4 billion in revenue for state governments through state income; payroll, sales, and other taxes; and direct revenue-sharing payments. Native American gaming also generated an additional \$100 million in local taxes and revenue through increased sales and other taxes as well as governmental services agreements.<sup>62</sup> By 2008 states had received \$2.5 billion in taxes, and charities garnered \$150 million in contributions from gaming tribes.<sup>63</sup>

In late August 2006, at its annual midyear meeting, which was held at Seneca Niagara Casino and Resort in Niagara Falls, New York, the National Indian Gaming Association authorized the signing of a memorandum of understanding (MOU) with the National Center for American Indian Enterprise Development to help promote business and economic development in Native American communities across the country. The MOU established a framework for cooperation between the two organizations to increase the availability of contractual and procurement opportunities for Indian-owned businesses both within and outside of the tribal gaming industry.<sup>64</sup> Most of the research suggesting that social issues have improved is based on the economic impact that gaming has had on Native American communities; research related to the social impact of the entire community suggests that not all issues are positive contributions to a community.<sup>65</sup>



## CONCLUSION

The complexities of Native American gaming—sovereignty, constitutional law, shifting courts, state domination, historical locations, compact processes, modernity, economic development, politics, and so on—remain far beyond the scope and focus of any single journal article. Still, it is necessary to fully explore these concepts, if possible, in real situations.<sup>66</sup> Indian gaming can signal where Native Americans and Native American nations are headed in the United States, which has formally stated that it wants to recognize all its citizens and their diversity.<sup>67</sup> In the past Native Americans have been one of the nation's smallest and least influential minorities. For generations, many descendants of the country's oldest inhabitants have felt embittered and belittled.

With little or no economy or tax base to fund essential services, Native Americans turned to gaming, through self-determination, to generate government revenue needed to fund these services and provide employment for tribal members.<sup>68</sup> Now, as a result of tribal gaming, they are emerging as an economic and political powerhouse. As such, they are pouring millions into gubernatorial races, and politicians are scrambling to get Native Americans on their side. At least two members of the U.S. Senate arguably owe their seats to Native Americans. Native Americans have also helped elect governors and U.S. House members.<sup>69</sup>

Indian gaming is an economic development strategy that has provided tribal governments with the necessary funds to run their own administrative programs.<sup>70</sup> Because of this, at least in part, I conclude that from a total revenue standpoint tribal gaming is a Native American success story. The Indian Gaming Regulatory Act of 1988 states that Indian tribes shall use revenues from gaming for five general purposes (figure 2):

1. To fund tribal government operations and programs
2. To promote general welfare of tribes
3. To promote tribal economic development
4. To make charitable donations
5. To help fund local government agencies<sup>71</sup>

Cramer contends:

Since 1988, the expansion of tribal bingo and casino operations has placed acknowledgment in the public eye, exposing it to greater politicization and backlash; much of this backlash centers around



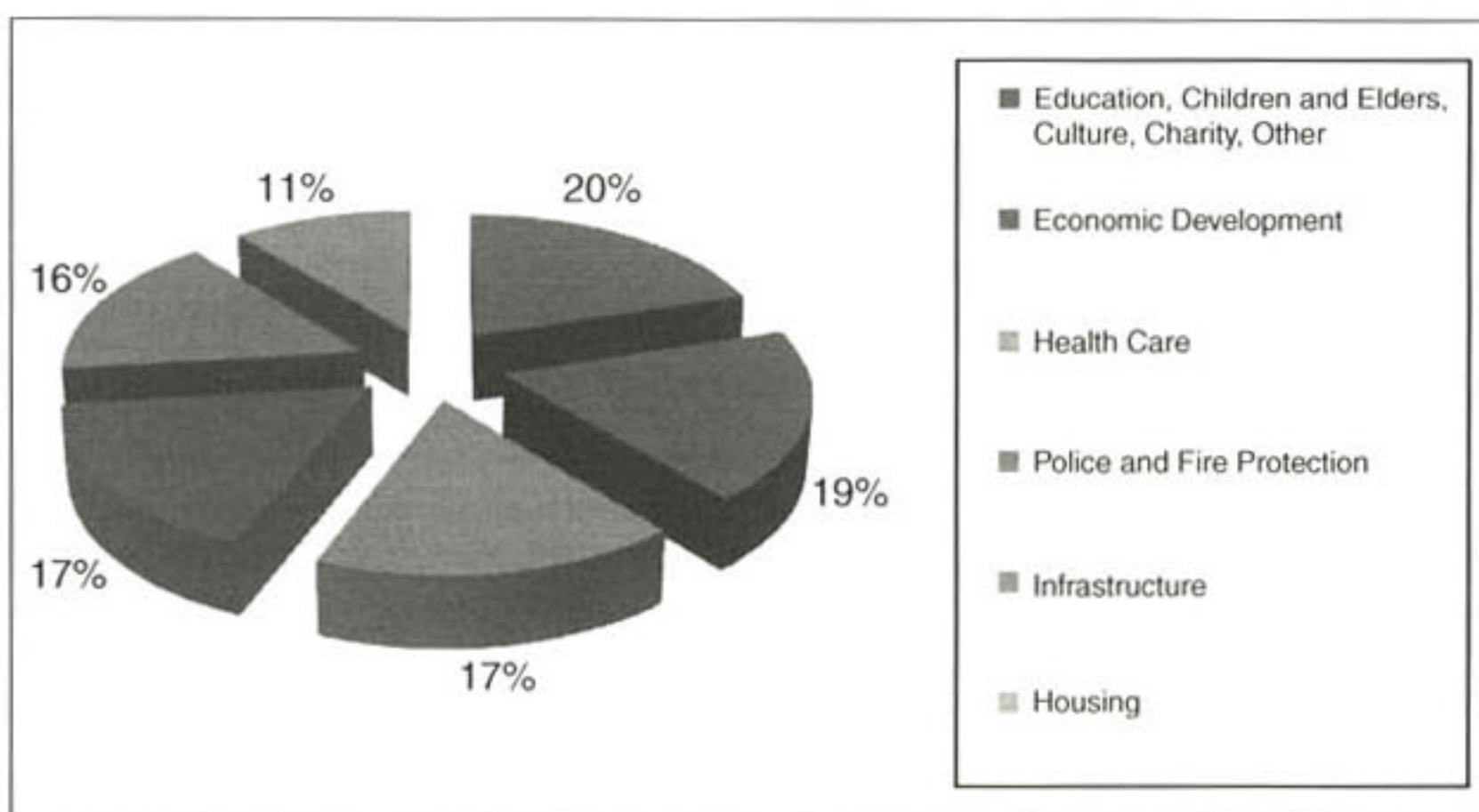


Fig. 2. Native American services funded through tribal gaming. National Indian Gaming Association (June 2009).

arguments that tribes only want acknowledgment in order to establish casinos. However, gaming could not have been a motivation for the earliest petitioners; it is unlikely to be the sole motivation for legitimate tribal groups seeking recognition now. Nonetheless, the media's conflation of gaming with acknowledgment makes clear that the American public is uneasy with tribal self-assertion and Indian self-determination, at least when it come to gaming enterprises, whether or not there is a connection between petitioning and a desire for gaming.<sup>72</sup>

Nevertheless, tribal gaming is creating some positive social and economic opportunities for Native Americans where there were few before. Gaming dollars have appreciably improved the basic health and education on reservations. Tribal gaming has also succeeded where other federal programs have failed. For decades, though, the federal government tried with little support to spur economic growth on Indian reservations. Invariably, these federal efforts met with little success because federal funding did not follow the policy declarations. While Indian gaming revenues have made a marked difference in the lives of many tribal families, the federal government's responsibilities cannot be ignored.<sup>73</sup> In fact, while there has been phenomenal growth, there have also been increased attention and scrutiny from politicians, regulators, media, and the public.<sup>74</sup>



In addition to these positive socioeconomic impacts, evidence also demonstrates that Native American tribes contribute, as mentioned before, to local economies through taxes, revenue sharing, employment of non-Native Americans, contributions to local charities, and a myriad of other ways. These tribal gaming communities for the most part have made good use of their newfound wealth to the definite benefit of their tribal members.<sup>75</sup> Also, the social and economic benefits derived from Native American gaming have created a ripple effect. While certainly not comprehensive, tables 5 and 6 list a number of key social and economic benefits that have been identified in previous studies of the impact of Native American gaming.<sup>76</sup>

Based on the limited results of this inquiry, reasons for the industry's growth can best be understood by examining the background and stimulus of the social and economic growth while taking into account the many policies and decisions that have molded the industry into what it is today. The key to understanding why the Native American gaming industry will grow in the future is not to look for one specific reason but rather to see that the industry will grow because of a multitude of reasons. While this statement may be accurate, it does not necessarily advance our knowledge of those reasons because I have not performed a rigorous social scientific study. Still, the success of tribal gaming has opened opportunities for Native Americans to participate for the first time in corporate America. At the same time, this success is forcing some American business and legal practices to become culture—and place—specific, grounded in the nuances of localized tribal jurisdictions.<sup>77</sup> When the reasons are combined successfully, a bright future is created not just for gaming but for Indian tribes and corporate America.

The socioeconomic impacts of Native American gaming, as of 2008, include \$26.7 billion in gross revenues; \$3.2 billion in gross revenues from related hospitality and entertainment services (e.g., resorts, hotels, restaurants, golf courses, entertainment complexes, travel centers, etc.); 636,000 jobs nationwide for Native Americans; \$8 billion in federal taxes and revenue savings; \$2.5 billion in state taxes, revenue sharing, and regulatory payments; and more than \$150 million in payments to local governments.<sup>78</sup> These impacts should lead us to believe that the advent of Indian gaming has definitely created positive socioeconomic effects for tribal nations.



TABLE 5. Social benefits of Indian gaming

Description	Tribal	Federal	State	Local
Can-do-ism and self-esteem of tribal members	X			
Charitable and civic contributions	X		X	X
Improved reservation quality of life (e.g., health care, schools, housing, utilities)	X	X	X	X
Improvements in socioeconomic indicators related to poverty (e.g., infant mortality, suicide, substance abuse, crime, domestic violence)	X	X	X	X
Increased tribal membership	X			
Preservation and rejuvenation of tribal traditions, language, and culture	X			
Pride in tribal government and culture	X			
Tribal sovereignty, self-determination, and economic self-sufficiency	X	X		

Source: S. A. Light and K. Rand, *Indian Gaming and Tribal Sovereignty: The Casino Compromise* (Lawrence: University Press of Kansas, 2005).

#### LIMITATIONS AND IMPLICATIONS

This study's results must be interpreted with certain caveats in mind. First, the data presented here, data that I did not gather, might be prone to errors. Second, the data do not necessarily constitute substantive economic research. For example, I reviewed different articles that presented diverse data for the total number of tribal casinos as well as different revenue amounts. Third, I did not collect any data on my own; I focused strictly on published data from governmental agencies and a non-profit organization. I still believe that the results of this study have both theoretical and practical implications. In the meantime, to ascertain the current as well as future socioeconomic impacts of Indian gaming, further scholarly analysis of available social and economic data should be conducted.

I would like, along with the help of some of my colleagues, to perform an ethnographic scholarly research study specifically about the so-



TABLE 6. Economic benefits of Indian gaming

Description	Tribal	Federal	State	Local
Attraction of out-of-state tourism dollars	X		X	X
Changes in consumer spending patterns	X			
Charitable and civic contributions	X		X	X
Compensation for problem and pathological gambling programs	X	X	X	X
Compensation for state regulation of tribal gaming facilities			X	
Compensation to local governments for public services			X	X
Decreased percentage of household income from public assistance	X	X	X	
Development of rural and economically depressed regions	X	X	X	X
Increased personal and household earnings	X	X	X	X
Increased small business revenue	X	X	X	X
Job creation on and off the reservations	X	X	X	X
Land development and increased property values	X		X	X
Tribal economic development and economic self-sufficiency	X	X	X	X

Source: S. A. Light and K. Rand, *Indian Gaming and Tribal Sovereignty: The Casino Compromise* (Lawrence: University Press of Kansas, 2005).

cioeconomic effects of the growth of Native American gaming and our indigenous people. Has gaming caused any socioeconomic problems for tribal nations?

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