



## Indian Gaming in California Brings Jobs and Income to Areas that Need It Most

by Kate Spilde Contreras

On January 11, 2006, The Center for California Native Nations (CCNN) at the University of California at Riverside released a comprehensive evaluation of the impacts of Indian gaming in California. In order to investigate the social, economic and governmental impacts of gaming, the Center brought together a team of researchers that included economists, political scientists, anthropologists and historians.

The objective of our research was to evaluate the social and economic impacts of Indian gaming operations on tribal and local governments in California. The study relies primarily upon publicly available data, especially the 1990 and 2000 U.S. Censuses. Close analysis of Census data offers a “before and after” snapshot of conditions in California during Indian gaming’s initial growth phase. To analyze Indian gaming impacts since the implementation of the first tribal-state compact in 2000, the research team conducted surveys of tribal and local government officials and in-depth case studies of individual tribal governments.

This study finds that the impacts of Indian gaming in California are directly related to two identifiable features of the enterprises themselves: A) the fact that they are owned by tribal governments; B) the fact that they must be located on existing tribal trust lands. On the one hand, because this form of gaming is owned and managed by tribal governments operating under the strictures of IGRA, gaming revenues in California support community and government activities within the region where the facility is located. On the other, because this form of gaming presupposes a location on existing tribal trust lands and these lands for historical and political reasons were located in poorer regions of the state, the economic activity that results tends to concentrate employment and other benefits in counties that need economic development the most. Both of these features – tribal government ownership and location on existing tribal trust lands – also contribute to the fact that Indian gaming benefits in California generally accrue to local communities both on and near tribal trust lands. As a result, tribal governments with gaming are concentrating employment opportunity in areas that are economically worse off than areas without gaming reservations.

### California Versus US Reservations

Comparing the 1990 and 2000 U.S. Census findings reveals important information regarding the ways that Indian gaming in California differs from the national experience and ways that it is a subset. For example, while the economic and population growth resulting from Indian gaming in California during the 1990s was impressive, that growth was limited by the insecure political and legal environment that resulted from not

having an approved tribal-state gaming compact throughout the decade.

The most striking difference is that the California reservations are more heterogeneous and that by 2000 there was a larger inequality between gaming and non-gaming reservations than in the reservations in the rest of U.S. The introduction of Indian gaming on California reservations during the 1990s helps explain why some tribal governments in California developed more quickly than others. In 1990, the average income per capita for gaming and non-gaming reservations in California was very similar and in both instances it was higher than in the rest of the U.S. reservations. However, in the rest of the U.S., the gaming reservations were poorer than their non-gaming counterparts in 1990. By 2000, when compacted gaming is operating in other U.S. states, we observed that the fastest average income growth took place on gaming reservations versus non-gaming. The U.S. non-gaming reservations have made more economic progress than those in California, which have been stagnant, but the gaming reservations in California have experienced a larger growth than those in the U.S. As a result, in California the income per capita distribution in 2000 exhibits higher inequality than that of the reservations in the rest of U.S.

The finding that Indian gaming in California developed unevenly in the 1990s and resulted in increased economic inequalities between gaming and non-gaming tribes reveals the wisdom of the 2000 tribal-state gaming compact, which created a policy mechanism – the Revenue Sharing Trust Fund (RSTF) – to address these inequalities before they were substantiated. Since its creation, tribal governments have put more than \$148 million into the RSTF to be shared with non-gaming tribes. Since our census analysis ends in 2000 we are unable to document statistically how the RSFT helps reduce the inequality that existed among reservations in California in 2000. However, our survey research in 2005 reveals that payments to the RSTF have been invested in ways that will help address these inequalities and that these funds have allowed non-gaming tribes to add governmental services at the same rate as gaming tribes.

Though there are some differences between tribal governments in California and the tribal governments in other states regarding their economic progress between 1990 and 2000, the common feature is that, judging by national standards, all tribal governments – including those in California – continue to experience significant socioeconomic deficits compared to other Americans.

For example, the average income for American Indians in California remains well below the national average; in 1990 it was 42% of the national average and by 2000 it experienced

only a modest increase by reaching 53% of the national average income. Also, between 1990 and 2000, the gaming tribes in California experienced a reduction in the percentage of families in poverty going from 36% in 1990 to 26% in 2000. At the national and state level, however, the percentage of families in poverty is between 9 and 10%.

### Off-Reservation Effects of Indian Gaming

In addition to exploring the impact of Indian gaming on tribal lands and populations, we also examined if the establishment of gaming had economic and social effects beyond the reservations during the 1990s. To do this, we used tract-level data from the 1990 and 2000 Censuses to analyze changes that occurred in economic and social indicators and explore associations between these changes and the establishment of reservation-based gaming in close proximity of a particular tract.

Our analysis indicates that Indian gaming has had strong economic and social benefits that reach beyond the reservations in California. An analysis of Census tracts in California suggests that tracts in close proximity (within 10 miles) to gaming reservations experienced significantly greater income growth than tracts that were not in close proximity. Further, these positive income effects were progressive, with poorer areas receiving larger economic benefits (in the form of increased family income) than better-off areas. In addition, the establishment of gaming had beneficial effects on poverty, employment, educational expansion, and the receipt of public assistance.

These positive impacts result from the fact that most Indian reservations in California, even the better-off ones, are located in the poorest counties and tracts in the state. Thus, even though the most prosperous Indian reservations may have benefited more than the poorest reservations from gaming, it was the poorest tracts within the state that benefited disproportionately from gaming.

### Benchmark for Future Development

While the benefits of Indian gaming in California have been substantial for tribal members and their neighbors, it will take more time for the economic and social benefits of Indian gaming to be fully realized. As this Census analysis shows, large gaps remain between the conditions on Indian reservations in California and

those enjoyed by other Americans.

The decade from 2000-2010 is a critical developmental period for Indian gaming in California. The 2010 Census will yield important data about the effectiveness of the primary tribal-state gaming compact, the Davis Compact, and its two major provisions, the Revenue Sharing Trust Fund (RSTF) and the Special Distribution Fund (SDF). ♣

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