

Is the House Winning?: Exploring the Impact of Indian Gaming

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Abstract

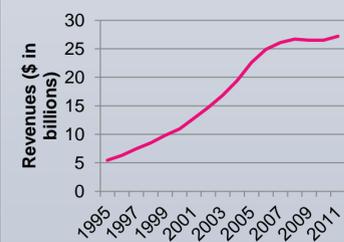
Objective. The objective of this paper is to examine the impact of Indian gaming on reservation conditions in the contiguous American states following passage of the Indian Gaming Regulatory Act in 1988. **Methods.** Utilizing 1990 and 2000 Census data for 330 Indian nations, a pre-test/post-test design permits a comparison of nongaming nations to three different types of gaming nations on eight economic measures, while controlling for multiple tribal characteristics and considering the effects of certain state contextual factors confronting nations due to location. **Results.** The analysis reveals (1) that the overall impact of gaming, while generally positive, is not as extensive after controlling for certain tribal features, (2) that there are differential effects evident across the three types of gaming nations, and (3) that the state context makes a difference in influencing the relationship between gaming and reservation conditions. The most substantial impacts are for a small subset of nations with Class III gaming and making per capita payments to their members in larger, wealthier states prohibiting non-Indian casinos. **Conclusion.** These results challenge some of the core assumptions about Indian gaming radically changing economic conditions in Indian Country.

Introduction and Objective

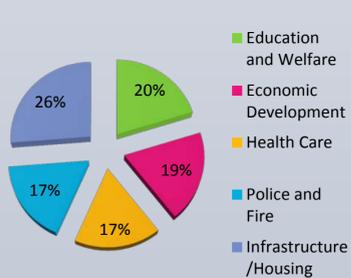
The landscape of Indian gaming:

- Since 1988, more than 200 Native Nations spanning 32 states have adopted some form of gaming.
- Over two decades, gaming revenues have grown exponentially with tribes investing in a number of social and economic programs.
- Approximately 100 of these nations have also adopted revenue allocation plans or RAPS.
- Few studies have systematically explored how and under what conditions Indian gaming impacts Native Nations.

Growth of gaming revenues, 1995-2011 (in billions of dollars)



Investment of Indian Gaming Revenues



Hypotheses

1. Gaming will have a positive impact on tribal economic conditions.
2. "Las Vegas style" Class III gaming will have a greater impact on economic conditions than Class II gaming.
3. Tribes with revenue allocation plans will have a greater impact on economic conditions than Class III gaming nations without such plans.
4. Gaming will have the greatest impact in states with less competition, greater wealth, and larger populations.

Data and Methodology

Research Question: What is the social and economic impact of Indian gaming on Native Nations?

Research Design:

- We use 1990 and 2000 U.S. Census data to explore the impact of Indian gaming on eight economic measures.
- Dataset includes 315 federally recognized Native Nations, off-reservation trust lands and joint-use areas in the lower 32-contiguous states.
- Dependent variables of interest include per capita income, median household income, unemployment, and labor force participation in 2000.
- Primary independent variables include three classifications of gaming tribes:
 1. Tribes with only Class II gaming
 2. Tribes with Class III gaming and no revenue allocation plan
 3. Tribes with Class III gaming and revenue allocation plans
- Control variables include the percent of residents living in urban areas, population size, percent of non-Indians on tribal land, and reservation conditions in 1990. We use robust regression to analyze the relationship between gaming and economic conditions as shown in the results below.

Step 1: Baseline Assessment of the Impact of Indian Gaming in 2000 (coefficients shown in table)

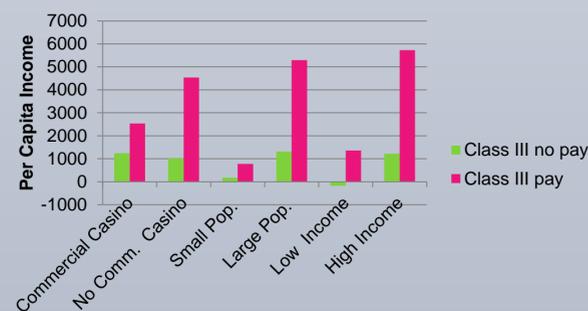
	Per Capita Income	Median Income	Unemployment	Labor Force	Public Assistance
Gaming					
Class II only	763.12	3575.31*	-2.38	4.82*	-2.62
Class III no pay	647.07	3097.99**	1.04	0.74	-2.48***
Class III pay	4010.77***	5732.26***	-3.73**	-6.64***	-7.16***

Step 2: Assessing the Durability of Gaming's Impact in Light of Four Controls in 2000 (coefficients shown in table)

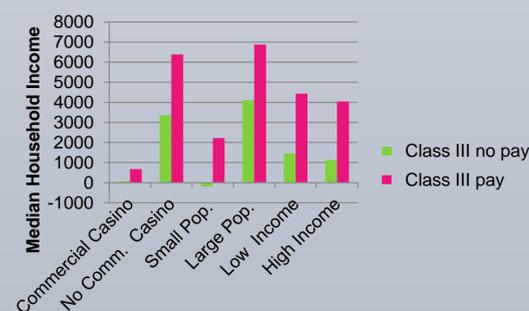
	Per Capita Income	Median Income	Unemployment	Labor Force	Public Assistance
Gaming					
Class II only	137.06	-2745.75	-2.14	-1.44	-1.65
Class III no pay	831.60*	1826.34*	0.06	-1.04	-2.38***
Class III pay	3944.79***	4886.63***	-3.13**	-7.22***	-7.48***

Step 3: Assessing Gaming's Impact across State Contexts in 2000

Difference in Per Capital Income between Gaming and Non-Gaming Nations by State Context and Gaming Type



Difference in Median Household Income between Gaming and Non-Gaming Nations by State Context and Gaming Type



Conclusions

Findings:

- Impact of gaming is not as substantial when controlling for other tribal features
- There are differential effects across types of gaming nations.
- Gains from Indian gaming appear to be greatest among those nations having adopted revenue allocation plans.
- Gaming is most successful in larger, wealthier states prohibiting non-Indian casinos.

Broader Implications:

- Indian gaming is having a noticeable positive impact on economic conditions for some Native Nations as one would expect.
- However, gaming is certainly not be a panacea for improving conditions in Indian Country, and should be pursued in combination with other forms of economic enterprises.
- Furthermore, the way in which tribes use gaming revenues appears to have a noticeable impact on economic results, though more research in this area is greatly needed.
- Finally, the context in which gaming occurs matters, which raises important questions concerning the rights of tribes to pursue gaming operations on and off tribal land.

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