



by Katherine A. Spilde

## Communities of Interest: The Tribal Gaming Difference

In 2005, the Sycuan Band of the Kumeyaay Nation established the Sycuan Institute on Tribal Gaming at San Diego State University (SDSU) in order to develop the nation's first 4-year degree program in Tribal Casino Operations Management. The degree program was created to educate and train students about the unique attributes of the Indian gaming industry and the ways that the industry's special history, culture, legal structure and regulations directly impact casino operations and benefit the tribal community and its neighbors. Housed in SDSU's School of Hospitality and Tourism Management, the SDSU degree in Tribal Casino Operations teaches a unique combination of: tribal history; federal Indian law and tribal government regulation; casino marketing and tribal public relations; gambling history; public policy; and tribal economic development.

As the gaming industry continues to expand across the U.S. there has been pressure to change the degree in Tribal Casino Operations to a more general Casino Operations degree. However, the Sycuan Institute is committed to its dual focus on the tribal government/economic development context for Indian gaming and the casino gaming-specific dimensions of the industry. The Institute's commitment reflects the federal governments' important finding that each segment of the gambling industry is unique. As clarified in the 1999 National Gambling Impact Study Commission's (NGISC) final report:

*"the gambling industry is far from monolithic. Instead, it is composed of relatively discrete industry segments...that can, in turn, be divided or aggregated into a variety of other groupings." Each segment of the gambling industry... "has its own distinct set of issues, communities of interest and balance sheets of assets and liabilities."*

Over the years, the classes that lead to SDSU's Tribal Casino Operations degree have begun to focus more on differentiating Indian gaming from other industries and segments of the gaming industry. As the Indian gaming industry continues to grow alongside the commercial industry, it becomes even more critical to distinguish (in the spirit of the NGISC) each segment's "set of issues, communities of interest and balance sheet of assets and liabilities." Ultimately, these students, as future representatives and leaders, will participate in the process of evaluating and contributing to the overall balance sheet of gambling's assets and liabilities across the U.S.

### Unique History of Indian Gaming

The first major difference between Indian gaming and other gaming is its unique and recent history as a tribal-led solution to the specific challenges and hurdles to economic development and nation (re)building in Indian Country. American Indians residing on reservations have regularly been among the poorest people in the U.S. In the 1970 U.S. Census, the per capita income of Indians on major U.S. reservations was 32 percent of the U.S. average. It rose to 41 percent of the national average in 1980 but fell to 32 percent again by 1990, according to economic research by Randy Akee and Jonathan Taylor. The decline in the 1980s was due largely to the pronounced retreat of federal funding directed toward Indian Country in that decade.

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A number of obstacles to effective political rule and economic development help explain the historical rates of persistent poverty. The historical legacy of Indian Country involves a loss of indigenous culture and language, the isolation of tribal communities on marginal lands, and the destruction of traditional tribal government structures. Potential investors confronted unfamiliar or nonexistent courts, laws, and commercial codes on American Indian reservations and tribal property interests were often unclear or held in federal trust, hindering transactions.

In the 1970’s, tribal leaders began to address the complex geographic, legal and political issues that had historically blocked access to capital and land development on reservation lands. By challenging state jurisdiction over civil matters, which included some forms of gaming, tribes helped establish the legal framework for Indian gaming, which rests upon tribal law and federal policy rather than state’s rights.

### **Tribal Government Ownership of Gaming Facilities**

Tribal governments own and operate gaming facilities in order to generate revenues for governmental services. These funds allow tribal representatives to develop tribal priorities beyond limited or earmarked federal funds, which rarely meet tribal needs or match tribal prerogatives. Tribes also generate the regulations for their gaming operations and are the primary regulators, along with state and/or federal regulatory bodies. The investment of tribal funds is shaped by the 1988 Indian Gaming Regulatory Act (IGRA) which provides parameters for tribal government uses of gaming revenues. Additionally, tribal governments are required by IGRA to sign a tribal-state gaming compact for casino-style gaming and these compacts often direct tribal funds toward state or local government needs through mitigation agreements or other vehicles.

### **Location of Indian gaming Facilities on Tribal Lands**

By law, Indian gaming facilities must be located on tribal trust lands, which places a natural limit on the size and scope of Indian gaming in the U.S. Characteristics of the communities near tribal lands, mainly population density and income, largely determine which tribal governments decide to pursue gaming as an economic development strategy. Population of the surrounding area is a key predictor of how large a tribal government’s gaming operation will be and there is substantial variation in the size of Indian gaming facilities located across Indian Country. Consequently, the geographic distribution of Indian gaming reflects the historic

combination of tribal land cessions and federal reservation policy rather than the market demand for a late-twentieth century entertainment industry.

Academic research finds that the impacts of Indian gaming are directly related to these two distinctive features of Indian gaming facilities: A) the fact that the casinos are owned by tribal governments; B) the fact that they must be located on tribal trust lands. On the one hand, because this form of gaming is owned and managed by tribal governments operating under federal law, Indian gaming revenues are invested primarily in community and government activities, retaining the benefits of gaming closest to the communities that are most impacted. On the other, because Indian gaming is currently confined to tribal trust lands and these lands for historical and political reasons were located typically in poorer regions of the U.S., the economic activity that results tends to concentrate employment and other benefits in regions that need economic development the most. Both of these features – tribal government ownership and location on tribal trust lands – also contribute to the fact that tribal government gaming benefits generally accrue to local communities both on and near tribal trust lands.

### **Commitment to Social Investment Strengthens Future Generations**

While Indian gaming has not solved all social and economic problems in tribal communities or regions, it has supported marked improvements in several important dimensions of reservation life. Academic research reveals that native nations have invested gaming revenues in their economies and societies, often with dramatic effect. Since 1990, incomes across Indian Country grew at three times the U.S. rate, female labor force participation rose, unemployment fell and reservation housing quality improved.

One of the measures of Indian gaming’s achievement is that many tribal governments now have an ample flow of revenues for the first time. Harvard’s Honoring Nations Program has documented dozens of ways that Indian gaming revenues have allowed tribes to invest in new programs to address poverty and provide public goods. One of the most common investments has been in education, including school construction, college scholarships and tribal language revitalization programs. Tribes have combined conventional, traditional Native religious and non-Indian religious treatment in drug rehabilitation programs. Improvements in tribal services

have resulted from an increase in government resources and employment. As a result, tribes have reduced emergency response times from hours to minutes. Tribes have invested in their cultural lives, specifically museums, ceremonial grounds, artifact repatriation, and arts patronage. Social services have increased dramatically across reservations. There has been an increase in elder care service, foster care, policing, endangered species management, water quality, financial literacy, and public works.

### Tribal Economic Diversification Provides a Foundation for Sustainability

Tribal governments have used the revenues from gaming to fund other economic development and diversify beyond gaming, based on the widely shared view that Indian gaming will not provide sustained economic growth across Indian Country indefinitely. Tribal diversification often begins with developing adjacent hotels, conference halls, amphitheaters, and other amenities that increase the drawing power and visit duration of Indian gaming facilities. In many cases, tribes have invested in nearby retail businesses, outlet malls, and other businesses that take advantage of customer traffic. Tribes also turn toward more distant sectors as varied as banking, commercial real estate, and federal facilities management, often redeploying the management experience gained in Indian gaming development.

The operation of Indian gaming facilities has also changed labor markets on reservations. Opening Indian gaming facilities increases the demand for labor on the reservation. New employment opportunities exist in management and professional positions in the gaming and tourism industries. Research by economists demonstrates that as programs and government services have grown, so too has tribal government employment. In the past 20 years, the proportion of American Indians on reservations employed in public service (including tribal government employment) has increased by 5 percentage points, a 20 percent increase.

Reservation life has improved in measurable ways in the wake of Indian gaming. A generation of American Indians born after the development and growth of Indian gaming is coming of age. Indian gaming has profoundly changed the trajectories of many individual lives, and the patterns of economic development on American Indian reservations. Additionally, it has laid the institutional foundation for sustained change and provided an environment across Indian Country that is attractive for investment of capital and human resources, in some cases for the first time in generations.

### Students are Attracted to the Tribal Impacts From Indian Gaming

In 2013, Tribal Gaming major Travis Wolfe formed the first Tribal Gaming Student Association (TGSA) to recruit

more majors and spread the word about Tribal Gaming's opportunities and outcomes at SDSU and beyond. Wolfe reveals that it was not the gaming side of Indian gaming that initially attracted him to the industry, but the opportunity to participate in a tribal cultural renaissance. In an interview, Wolfe described his experience this way: "Over the course of a full semester, [the classes] showed myself and others how such a lucrative industry contributes to the greater good of humanity. And after that first semester, I was sold for life; I knew my future was in this industry. It is the ability to marry many worlds and find opportunities that include the protection of humanity, culture, business and gaming that has attracted me to the industry." For the Sycuan Institute on Tribal Gaming, the sentiment behind the TGSA makes all the difference. ♣

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