

# **Op-Ed/Editorials - The Real Costs and Benefits: How to Effectively Measure Social and Economic Impacts of Indian Gaming in the United States**

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The theme of the 2006 Institute for Research on Pathological Gambling and Related Disorders annual conference on gambling addiction was Lost in Translation? The Challenge of Turning Good Research into Best Practice. During the next few weeks, The BASIS is pleased to present a series of editorials from some of the faculty members of that conference. In this week's editorial, Dr. Kate Spilde discusses how to effectively measure the social and economic impacts of Indian Gaming in the United States.

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The policy foundations of Tribal government gaming have direct bearing on the economic, social and governmental impacts that tribal gaming facilities produce. The 1988 Indian Gaming Regulatory Act (IGRA) outlined two mandates for gaming: 1) to stimulate economic development in Indian Country; 2) to strengthen tribal governments. Research demonstrates that Tribal government gaming facilities result in economic and social impacts that are distinguishable from commercial gaming's social impacts. While these impacts do not derive from inherent characteristics of Indian gaming facilities, they are a direct result of the policy foundations that dictate where Tribal government gaming facilities must be located (on Indian trust lands), how Indian gaming requires multiple governmental negotiations (including federal approvals and tribal-state compacting) and how Indian gaming revenues must be invested (on social and governmental projects.)

Research also suggests that since citizens of Indian nations are more likely to

undertake gaming from a relatively disadvantaged social position vis-à-vis non-Indians, gaming can bring benefits to Indian nations that are more pronounced than they would be in a less disadvantaged context. Additionally, since tribal government gaming often takes place in areas with depressed economies, the benefits of Indian gaming also spread beyond the host community into the surrounding region.

While existing research speaks to the early success of IGRA as an economic development tool for tribal governments in the United States, measuring the long-term and downstream social and private rates of return for the Tribal government gaming industry is difficult for a variety of reasons. There are several obstacles that contribute to the limited scope of research on Tribal government gaming in general and an almost complete lack of attention to social rates of returns in particular. In general, the publicly available data about Indian gaming and tribal government operations is limited both in quality and quantity, which limits the scope of research to sources that can be reasonably accessed, such as the United States' Census. The limited scope of data results largely from the paradox of transparency (from the tribal perspective) wherein releasing tribal or gaming data has the potential to improve public relations and policy analysis while also making tribal governments more vulnerable to revenue-sharing proposals and media or corporate scrutiny. Other obstacles include the geographic variation and scope of Indian gaming, the uniqueness of Indian gaming venues and their impacts and the multiple policy environments within which Indian gaming operates.

Given these challenges, the current state of knowledge about Tribal government gaming in the United States is essentially a subset of research on the larger gambling industry since it is largely driven by the same policy questions, such as the relationship between Tribal government gambling and certain social or economic outcomes. Generally, this approach to evaluating tribal government gaming reveals that its impacts are similar to those of the larger gambling industry, with a few exceptions related to the unique policy or social environments that tribal governments manage. Currently, the most popular lines of analysis, since they are borrowed from the larger gambling industry, tend to evaluate the impact of tribal gaming on nearby populations (cities, counties, Census tracts) or on the gamblers themselves using various cost-benefit frameworks.

Because the research on Tribal government gaming is often perceived as a subset of the gambling literature, much of the current knowledge about Indian gaming, at least in the United States, is partial and agenda driven. Currently, Indian gaming research sits at the nexus of research on gambling in general and tribal economic development in particular. Frameworks of analysis borrowed from commercial gambling have limited usefulness for analyzing Indian gaming since commercial gambling differs in both governmental form and economic function from Indian gaming. Research on Indian gaming in particular is often created to evaluate it against other gambling industries rather than against other federal programs, tribal government development strategies or cultural revitalization movements of which it is a part.

Indian gaming has numerous downstream effects and requires new metrics to measure both the quality of these impacts and the transformation of existing processes and relationships due to gaming. For example, Indian gaming suggests and prompts further economic development, government innovation and partnership creation, which themselves have social and private returns for tribal governments and the surrounding communities. Given these developments, current research methods understate the social and economic benefits because they show up in additional locations and populations. These new institutions, businesses and partnerships require the development of multiple output and performance indicators in order to accurately and fully describe the ways Tribal government gaming has changed the environment and relationships in much of Indian Country.

As Tribal government gaming continues to grow and mature, researchers must remain concerned with applying academically rigorous methods to the question of social and economic returns while also orienting our findings towards public policy matters. By emphasizing conservative estimates and transparent methods, Indian gaming researchers can perhaps provide a model for future policy-oriented research on gambling in general and inspire other researchers to master and improve upon existing techniques for articulating the complex impacts of gambling behavior on all levels of society.

In spite of the measurement challenges and the difficulty of accessing meaningful data about Tribal government gaming, the measurement of private and social rates of return is an extremely important task. Even with imperfect methods, it is important that researchers continue to make the best possible estimates. Policy

makers are under pressure to make decisions even with a lack of data. Therefore, evolving methods and limited datasets can contribute to public policy discussions while being shaped by them.

What do you think? Comments on this article can be addressed to Kate Spilde Contreras.

## **References**

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