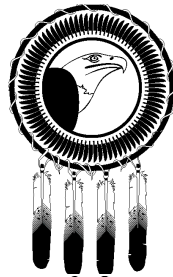


# **SOCIAL AND ECONOMIC ANALYSIS OF TRIBAL GOVERNMENT GAMING IN OKLAHOMA**



## **THE HARVARD PROJECT ON AMERICAN INDIAN ECONOMIC DEVELOPMENT**

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**July 1, 2002**

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*Oklahoma Tribal Government Gaming*  
***FACTS AT A GLANCE***

<b>Tribes in Oklahoma</b>	<b>39</b>
Tribes With Gaming Facilities	24
<b>Gaming Facilities</b>	<b>55</b>
Electronic Gaming Machines	9,104
Bingo Seats	17,930
Off-Track Betting Rooms	15
<b>Direct Gaming Employees</b>	<b>3,857</b>
Indian	73%
Non-Indian	27%
<b>Revenues</b>	<b>\$208 million</b>
Payroll	\$43 million
Vendor Outlays	\$73 million
Transfers to tribal governments	\$83 million
<b>Out-of-state visitor spending in Oklahoma</b>	<b>\$83 million</b>
<b>Gross Regional Product (GRP) Impact</b>	<b>\$329 million</b>
Net Regional Product Impact	\$129 to 201 million
Net Jobs Impact	5,258 to 8,133
Net State Tax Impact	\$8.9 to \$14 million

## *SUMMARY OF FINDINGS*

- Tribal government gaming in Oklahoma is a manifestation of tribal sovereignty and the federal policy of Indian self-determination. Through tribal government gaming, Indian nations in Oklahoma are becoming more self-sufficient.
- Tribal government gaming was initiated by tribes as a way to raise much-needed revenues for social programs and economic development.
- Tribal government gaming has significantly benefited the State of Oklahoma and its citizens:
  - Due to the central location of the State of Oklahoma and the geographic location of Indian nations within the state, tribal government gaming brings tourist dollars into the state. In fact, two in five dollars of tribal gaming revenues in Oklahoma come from out-of-state customers.
  - Tribal government gaming facilities employ a significant number of both Indians and non-Indians. In total, tribal government gaming employs as many people as the Oklahoma petroleum processing sector and the single-family home construction sector;
  - Because tribal gaming facilities are located in economically-depressed areas of Oklahoma, tribal gaming brings economic opportunity to some of the poorest Oklahoma citizens—Indian and non-Indian—decreasing the state’s burden of welfare obligations;
  - While significant Oklahoma corporations have moved operations to other states, tribal gaming establishments are government-owned enterprises that will not depart the state due to acquisition or merger;
  - A high proportion of the economic benefits of tribal gaming stay within the state because the profits are spent by tribal governments in the Oklahoma economy to revitalize local communities, both Indian and non-Indian;
  - The growth of tribal gaming shows no sign of slowing.
- Tribal government gaming has significantly benefited Indian Nations in Oklahoma:
  - Gaming revenues have funded cultural preservation and revitalization projects such as tribal history courses and native language immersion programs;
  - Gaming revenues have provided tribes new opportunities for economic diversification, attracting traditional lenders and investors, often for the first time;
  - The capacities of gaming enterprises are relatively evenly distributed across the tribes, meaning that the impacts of tribal government gaming reach a large number of tribal members in Oklahoma;

- Tribal gaming has allowed Indian governments to supplement severe federal funding shortfalls in areas such as health care, education, and housing;
  - It has also helped reduce dependency by bringing families from welfare to work, thus saving tribes significant program expenditures;
  - Indian nations in Oklahoma have reinvested their new revenues in important community needs such as highway infrastructure and health care.
- Oklahoma is not likely to experience net social costs as a result of the introduction of tribal gaming establishments.
    - Tribal government gaming in Oklahoma, because it brings economic activity and social investment to distressed areas and populations within the state, has and is likely to continue to bring net social benefits to the state and Indian nations alike;
    - National and international evidence indicates that the growth of tribal gaming is not likely to be associated with significant changes in the prevalence of pathological and problem gambling or with socioeconomic decline.

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This study was conducted from October of 2001 through March 1, 2002. Data were provided by the Absentee Shawnee Tribe, the Cherokee Nation, the Chickasaw Nation, the Choctaw Nation, the Citizen Potawatomi Nation, the Comanche Nation, the Eastern Shawnee Tribe, the Miami Nation, the Muscogee (Creek) Nation, the Osage Tribe, the Seminole Nation, the Seneca-Cayuga Tribe of Oklahoma, the Western Delaware Tribe, and the United Keetoowah Band of Cherokees. The Oklahoma Indian Gaming Association (OIGA) contracted with the Harvard Project on American Indian Economic Development (HPAIED) for the study and was the sole funding source for it. The HPAIED subcontracted with Lexecon Inc. for data collection and economic modeling. The authors’ backgrounds and qualifications are given in Appendix F.

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## I. INTRODUCTION TO TRIBAL GOVERNMENT GAMING IN OKLAHOMA

Across the United States, 207 Indian nations operate 316 gaming facilities in 28 states with gross revenues reaching an estimated \$12 billion.<sup>1</sup> As tribal gaming has grown, researchers have sought to measure its effects, particularly at the local and regional levels.<sup>2</sup> Interestingly, little if any of this attention has been paid to the gaming activities of Indian nations in Oklahoma. This study addresses that oversight.

Because tribes in Oklahoma and the state have only reached gaming compacts for off-track betting (see Section II), the tribes have offered predominantly “Class II” games—bingo, pull-tabs, and technologic aids to these games—whereas the vast majority of the rest of Indian Country has deployed Las Vegas-style Class III games (e.g., slot machines, blackjack, roulette).<sup>3</sup> While Class II games are generally seen to be less lucrative than Class III, Class II gaming in Oklahoma is a substantial and growing business. Indian nations in Oklahoma have created 55 separate facilities around the state over the last two decades (see Figure 1), and there are no indications that the growth has reached a plateau (see Figure 2).

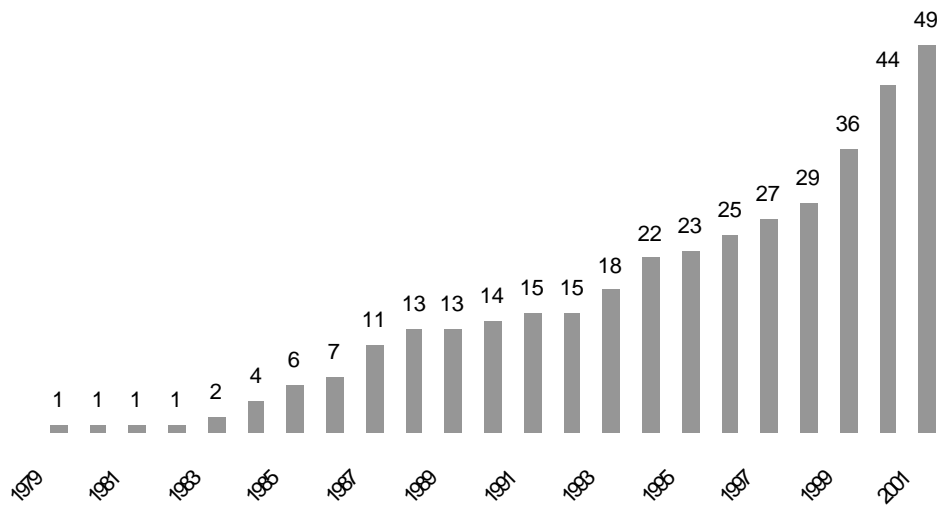
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<sup>1</sup> National Indian Gaming Commission; Anders, David W., and Salvatore F. Di Pietro, *US Gaming Industry: 2001 Statistical Summary, Market by Market Analysis of Gaming Revenue, Growth Rates, and Win per Person* (Merrill Lynch, February 20, 2002).

<sup>2</sup> See, e.g., Center for Applied Research, *The Benefits and Costs of Indian Gaming in New Mexico* (Denver, CO: Center for Applied Research, January 1996); Center for Applied Research, *Indian Reservation Gaming in New Mexico: An Analysis of Its Impact on the State Economy and Revenue System* (Denver, CO: Center for Applied Research, 1995); Clapp, John M., et al., *The Economic Impacts of the Foxwoods High Stakes Bingo & Casino on New London County and Surrounding Areas* (Arthur W. Wright & Associates, September 1993); Coopers & Lybrand, LLP, *Analysis of the Economic Impact of the Oneida Nation’s Presence in Oneida and Madison Counties* (February 1995); Deller, Steven C., Amy Lake, and Jack Sroka, *The St. Croix Casino: A Comprehensive Study of Its Socioeconomic Impacts* (Madison, WI: University of Wisconsin Extension, August 1996); Eyrich, Gerald I., *Economic Impact Analysis: Cabazon Band of Mission Indians* (Constituent Strategies, Inc.); Hoenack, Stephen A., and Gary Renz, *Effects of the Indian-Owned Casinos on Self-Generating Economic Development in Non-Urban Areas of Minnesota* (Plymouth, MN: Stephen A. Hoenack and Associates, May 1995); Klas, James M., and Matthew S. Robinson, *Economic Benefits of Indian Gaming in the State of Minnesota* (Minneapolis, MN: Marquette Advisors, January 1997); Klas, James M., and Matthew S. Robinson, *Economic Benefits of Tribal Gaming in the State of Oregon* (Minneapolis, MN: Marquette Advisors, June 1996); Minnesota Indian Gaming Association and KPMG Peat Marwick, *Economic Benefits of Tribal Gaming in Minnesota, 1992* (Minnesota Indian Gaming Association, April 1992); Murray, James M., *Direct and Indirect Impact of Wisconsin Indian Gaming Facilities on Wisconsin’s Output, Earnings, and Employment* (University of Wisconsin Extension, December 1997); Murray, James M., *The Impact of American Indian Gaming on the Government of the State of Wisconsin* (University of Wisconsin Extension, 1993).

<sup>3</sup> As we discuss in more detail below, many Oklahoma Indian nations have compacted with the State of Oklahoma to operate Class III off-track-betting operations.

**Figure 2**  
**The Growth of Tribal Gaming in Oklahoma**  
 Number of Facilities



Note: There are six facilities for which the opening date is not available. There are also four tribes whose facilities have closed: Sac and Fox, Pawnee, Kiowa, and Apache. The closed facilities are not displayed above. In sum, the 2001 total is understated by six operations.  
 Source: Survey of Oklahoma Indian Nations.

Tribal government gaming in Oklahoma dates back to the 1970s, yet the bulk of the growth has taken place in the last decade (see Figure 2). About two-thirds of the existing facilities were built after 1994 and about one-third within the last three years. This trend shows no sign of abating as a handful of tribes are in the process of opening facilities (e.g., the Osage Tribe) or have plans to do so (e.g., the Caddo Tribe).<sup>4</sup>

The 55 gaming facilities are located in all but the far western reaches of the state (see Figure 1). Because federal law requires that tribal gaming facilities be located on Indian lands, this dispersion is primarily the result of the location of Indian landholdings rather than the result of smoothly operating market forces. The patterns shown in Figure 1 indicate that historical Indian landownership patterns constrain, to some degree, tribal decisions regarding facility location (e.g., substantial numbers of facilities are well away from the interstate highway system). As we shall see in detail below, the resulting distribution of facilities has important positive implications for the economic impacts of gaming on Oklahoma.

There are 9,104 electronic gaming machines (EGMs)<sup>5</sup> and 17,930 bingo seats in these 55 facilities (see Figure 3). In 2000<sup>6</sup> these facilities:

<sup>4</sup> Of course, the number of facilities does not necessarily capture the number of gaming machines in the market, but nothing we observed indicated that the industry would not continue to grow along that dimension as well. Tribes continue to offer new machines in their existing facilities as market demand allows.

<sup>5</sup> EGMs are technologic and electronic aids to the Class II games of bingo, pull tabs, and other games similar to bingo (see also Figure 5).

- turned over an estimated \$208 million in revenue,
- employed an estimated 3,857 people,<sup>7</sup>
- purchased a combined \$73 million in supplies and services from Oklahoma and other businesses,
- paid \$43 million in wages and salaries,
- transferred on the order of \$83 million to their respective tribal governments,<sup>8</sup> and
- withheld an estimated \$500,000 in state unemployment taxes.<sup>9</sup>

These statistics indicate that while Oklahoma tribal gaming is a small part of the overall US tribal gaming sector (i.e., less than a 2% share of the national market), in the context of the Oklahoma economy, the sector is significant. The number of employees puts it on par with Oklahoma’s single-family home construction industry, which employed 4,372 contractors in 2000, and the petroleum and coal products sector, which employed 4,033.<sup>10</sup> Tribal government gaming’s \$208 million in revenue put it on par with Oklahoma’s television broadcasting sector (\$209 million) and its ambulatory health care sector (\$219 million).<sup>11</sup> Moreover, as we shall see below, since tribal gaming facilities tend to attract economic activity to depressed areas and their profits are spent by tribal *governments*, the economic development benefit to the state is potentially much larger, dollar for dollar, than would it would be with non-governmental businesses.

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<sup>6</sup> As Figure 2 indicates, six facilities did not open until 2001. The following numbers, and all casino financial and impact numbers presented in this study, represent a composite “typical” year that combines calendar year 2000 data, FY 2000 data, and annualized data from the six facilities that opened in 2001.

<sup>7</sup> Sixteen of twenty-three Indian nations (operating 83% of Oklahoma’s electronic gaming machines) employ 3,315 people in those operations. Eleven of these tribes report an average of 27% non-Indian employment in gaming operations (see Appendix C).

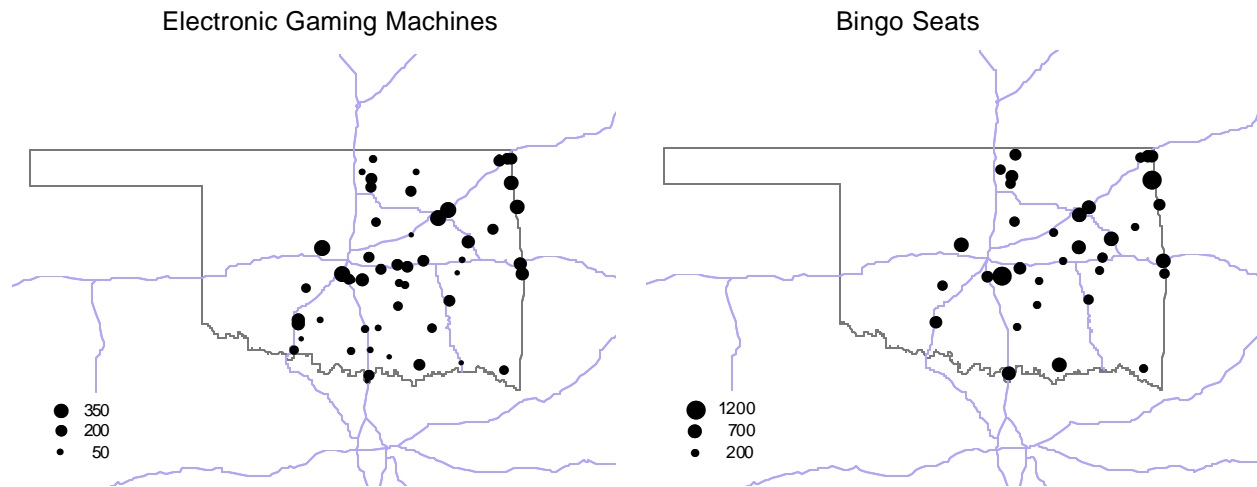
<sup>8</sup> The transfer of cash profits to tribal governments is estimated since the governments acting as owner-investors return funds to the enterprises or allow the enterprises to retain earnings for reinvestment purposes, the amount of which varies from year to year according to the prerogatives of the tribes. Here and below, we treat these reinvestment decisions as governmental in nature and therefore allocate all revenues remaining after vendor outlays, payroll, and taxes to be “transfers to the tribe” whether they are in fact transferred or not. In essence, this has the effect of turning our 2000 data into a “hypothetical” year where all cash profits are transferred to the tribal governments who then have the option of using the funds for programs, reinvestment in the gaming operation, or investment elsewhere.

<sup>9</sup> Survey of Oklahoma Indian Nations.

<sup>10</sup> “Petroleum and coal products” includes: petroleum refining; refineries; asphalt paving, mixtures, and blocks; asphalt felts and coatings; lubricating oils and greases; and other petroleum and coal products. The category does not include oil and gas extraction. US Department of Labor, Bureau of Labor Statistics, “Covered Employment and Wages,” (ES-202) Data Files, December 2001.

<sup>11</sup> US Bureau of the Census, 1997 Economic Census.

**Figure 3**  
**The Geography of Oklahoma Tribal Gaming**



Sources: Survey of Oklahoma Indian Nations; [www.casinocity.com](http://www.casinocity.com).

As the capacities shown in Figure 3 indicate, tribal gaming facilities in Oklahoma vary substantially in size in accord with their market opportunities. They span the range from small travel centers housing about two dozen EGMs to the 620-machine Creek Nation Tulsa Bingo (see Appendix A for more on the characteristics of Oklahoma’s facilities). Overall, the smallest fifth of the facilities have fewer than 51 electronic gaming machines (and fewer than 300 bingo seats). The largest fifth of the facilities represent 48% of the EGM capacity and 42% of the bingo seats, and these facilities average 168 EGMs and 332 bingo seats. Fifteen of the 55 offer off-track betting (OTB).<sup>12</sup>

Among Oklahoma tribes, the distribution of tribal gaming facilities and impacts is relatively even. While the five Oklahoma tribes with the largest capacity represent a relatively large share of the gaming market (e.g., 57% of the EGM capacity), they are also the tribes with the largest tribal membership (75% of the total membership population). This does not mean the distribution is uniformly better than, say, the national average—there are some tribes with disproportionately low shares of capacity. Nonetheless, despite inherent constraints of geography and historical Indian land tenure, Oklahoma tribal government gaming is remarkably evenly distributed (see Appendix B).

In sum, Oklahoma tribal government gaming has been long in development yet recent in maturation. It is a significant industry in Oklahoma, especially in certain regions of the state. Currently, the scope of tribal gaming in Oklahoma is largely Class II, with 15 Class III OTB facilities operating in the state. Indian nations in Oklahoma operate a wide range of facilities—from 17 EGMs up to 620—yet the facilities tend to be much smaller than those in neighboring

<sup>12</sup> To put the Oklahoma facilities in perspective, neighboring Missouri’s casinos hold on average 1,671 electronic gaming machines. Missouri Gaming Commission, *Annual Report to the General Assembly, Fiscal Year 2001*, <http://www.mgc.state.mo.us/annual%20reports/2001/annual2001.html>, accessed 3/5/02.

states. Moreover, while the capacity is heavily concentrated on a tribal basis, the ownership is more evenly distributed among Indian nations in Oklahoma on a population basis than tribal gaming facilities are among Indians in the US generally.

## Report Overview

It is clear that tribal gaming in Oklahoma is a growing industry with a range of positive social and economic impacts. The next sections delve more deeply into tribal gaming policy and its effect on both the State of Oklahoma and Indian nations in Oklahoma. Section II answers the question: Why *tribal government* gaming? Many Americans are under the impression that Indian nations were *given* the right to offer gaming by the federal government, but that is not the case. Tribal governments initiated gaming themselves as a means to address severe federal funding shortfalls. Moreover, federal tribal gaming policy is an expression of modern Indian self-determination policy—the only successful federal policy to address Indian poverty in this century. Section II shows why that policy has been successful and why tribal gaming policy is a wholly consistent extension of it.

Section III then examines the economic impact of tribal gaming on the State of Oklahoma. A common criticism of gaming asserts that gaming cannibalizes existing businesses and does not generate net new activity. While the view is partly true in that consumers might choose to go to more movies were gaming not an option, the view misses some larger points. Section III shows how gaming generally, and tribal gaming in Oklahoma in particular, can generate net new growth in three ways: i) by retaining Oklahoma residents who might otherwise have gone out of state for gaming entertainment; ii) by attracting out-of-state tourists to Oklahoma, and iii) by increasing the intensity of economic activity within the state.<sup>13</sup>

Section IV turns to the question of gaming's impact on Indian nations in Oklahoma. While American Indians in Oklahoma fare better than their counterparts in other states along some social dimensions, in many respects, American Indians stand on the lower rungs of Oklahoma's socioeconomic ladder. Since tribal gaming is governmental gaming, it offers the prospect of substantial social reinvestment to address the critical social and economic deficits American Indians have long faced. Section IV documents what tribes have done to diversify their economies, educate their people, and otherwise invest gaming revenues in the vitality of their communities. As this report will illustrate, such investments spill over to the local non-Indian communities in positive ways.

Many opponents of gaming argue that the benefits of gaming come at too high a price—that gaming brings social costs in the form of problem gambling behavior. It is beyond the scope of our research to provide Oklahoma-specific data on the prevalence and cost of gambling pathology and problems. Nonetheless, substantial scientific research exists on the national and international scale and scope of problem gambling that can be used as a starting point for policy analysis in Oklahoma. Section V reviews that work.

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<sup>13</sup> Counterintuitively, in the jargon of economics, attracting tourism from out-of-state increases *exports*. In other words gambling entertainment services are “exported” to out-of-state consumers, even though the tourists themselves actually come *into* Oklahoma. Conversely, retaining Oklahoma tourists in state when they would have gone out of state is *import substitution*, as domestic Oklahoma venues substitute for out-of-state departures, for example, *imports* of gaming entertainment from Las Vegas.

## II. FEDERAL INDIAN LAW AND POLICY: WHY TRIBES HAVE GAMING RIGHTS

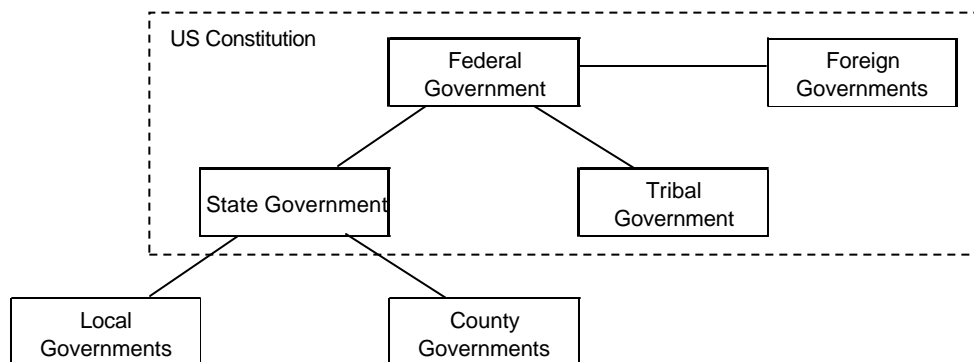
In order to appreciate the findings contained in this report, it is first necessary to understand the historical basis of tribes' unique political status as governments. This section of the report will describe the legal and policy foundations upon which tribal gaming rests. It will also describe the layers of regulatory oversight for tribal gaming and the policy implications of federal, state, and tribal regulation. From this vantage point, the rest of the report will build its examination of tribal gaming's impacts.

### American Indian Tribal Governments

American Indian tribal governments occupy a unique political and historical position in American politics. The US Constitution institutionalized the political or "government-to-government" relationship between the federal government and the Indian nations, thus establishing a relationship distinct from that between the federal government and the states or foreign nations (see Figure 4). It was drafted so that the federal government would have exclusive responsibility for Indian affairs.<sup>14</sup> Congress was authorized to "regulate commerce with the Indian Tribes,"<sup>15</sup> while the President was empowered to make treaties, with the consent of the Senate.<sup>16</sup>

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**Figure 4**  
**The US Constitution Explicitly Recognizes Four Sovereigns**



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<sup>14</sup> William C. Canby, Jr., *American Indian Law*, 68 (3d. ed. 1998) (hereinafter "Canby").

<sup>15</sup> US Const. art. I, § 8, cl. 3.

<sup>16</sup> US Const. art. II, § 2, cl. 2.

## **Tribal Government Gaming in its Policy Context**

### *The Era of Self-Determination*

Historically, federal Indian policy has fluctuated between efforts to assimilate Indians and break up tribal communities, on the one hand, and policies of federal protection of tribal cultures and support for governments, on the other.<sup>17</sup> These divergent and often conflicting policy approaches have had at least one thing in common: all of them failed to address the crushing poverty and bleak social conditions on Indian lands.

This legacy of failed federal policies stands in stark contrast to the gains made recently by tribes following the shift to a federal policy recognizing and supporting tribal self-determination. In the mid-1970s, the federal government began enacting legislation intended to both support the concept of enhanced decision-making authority for Indian nations and promote greater tribal control over their own resources and affairs. The result has been a dramatic increase in sustained economic development efforts on Indian lands. In short, the policy of Indian self-determination has been a key to creating conditions that support economic development in Indian Country.

Self-determination has found its most well-known expression in the operation of tribal gaming facilities. For example, a recent federal study of gambling found that tribal government gaming has produced results where previous economic development strategies have failed. The National Gambling Impact Study Commission, in its final report, declared, “there was no evidence presented to the Commission suggesting any viable approach to economic development across the broad spectrum of Indian Country, in the absence of gambling.”<sup>18</sup> Because self-determination policy is the only federal policy that has supported successful, sustained economic development for tribal governments, any analysis of tribal gaming must take into careful consideration the foundations of this policy.

## **Harvard Project Findings Regarding Self-Determination**

### *Why Tribal Government Gaming Works*

An oft-overlooked attribute of tribal government gaming is the fact that tribal governments, not federal legislation, initiated it. Many popular conceptions of tribal government gaming focus on the federal government’s passage of the 1988 Indian Gaming Regulatory Act (IGRA) as the genesis of tribal gaming and thereby overlook the basis of tribal gaming’s wide success: its emergence first as a tribally conceived and managed venture. While tribal gaming emerged during the period of self-determination policy, it was an expression consistent with, not

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<sup>17</sup> For a full treatment of federal Indian policy, see e.g., Cornell, Stephen, *Return of the Native: American Indian Political Resurgence* (Oxford University Press, 1998); Wilkinson, Charles F., *American Indians, Time, and the Law: Native Societies in a Modern Constitutional Democracy* (Yale University Press, 1987); Wilkins, David E., *American Indian Politics and the American Political System* (Rowman & Littlefield Publishers Inc. 2002); Prucha, Francis P., *The Great Father: the United States Government and the American Indians*, unabridged. (University of Nebraska Press, 1995).

<sup>18</sup> Final Report of the National Gambling Impact Study Commission, *Chapter 6, Native American Tribal Gambling*, June 1999, at 6-7.

a product of, that Federal policy. The remainder of this section provides an overview of the policies guiding tribal gaming and the tensions surrounding those policies.

The Harvard Project's field-based research in Indian Country consistently finds that the effective exercise of tribal sovereignty, combined with capable institutions of self-government, are indispensable keys to long-term economic development.<sup>19</sup> Additionally, Harvard has found that when tribal governments make their own decisions about what approaches to take and what resources to develop, they fare better. One of the key reasons that a tribal mandate is the best indicator for success is that tribes tend to implement programs that best serve the needs of their citizens in ways that best fit the norms and values of their communities. Because tribes bear the consequences of their decision-making—whereas federal agencies, non-tribal developers, state governments, and other outsiders do not—tribal governments that make their own development decisions tend to be better off.<sup>20</sup> Tribal government gaming in Oklahoma was initiated by the tribes themselves, and therefore we would expect that it would have a better chance at success than development schemes proposed by outsiders, whether developers or state or federal government.

Not long ago, the federal government espoused the argument that acculturation was a means to development in Indian Country. Indian nations, they argued, would develop as soon as they shed their “Indian-ness.” Research by the Harvard Project finds exactly the opposite. Distinct tribal cultures act as resources that strengthen tribal governments.<sup>21</sup>

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<sup>19</sup> Results of Harvard Project research are published widely. See, e.g., Cornell, Stephen, and Joseph P. Kalt, “Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations,” in *What Can Tribes Do? Strategies and Institutions in American Indian Economic Development*, Cornell and Kalt, eds. (Los Angeles: American Indian Studies Program, University of California, 1992); and in Cornell, Stephen, and Joseph P. Kalt, “Sovereignty and Nation-Building: The Development Challenge in Indian Country Today,” *American Indian Culture and Research Journal*, vol. 22, no. 3.

<sup>20</sup> The Harvard Project's research on topics as diverse as timber operations under P.L. 93-638 contracts and Indian Health Service programs under self-governance compacts demonstrates this point. See [www.ksg.harvard.edu/hpaied](http://www.ksg.harvard.edu/hpaied) for the Project Report Series.

<sup>21</sup> Cornell and Kalt, “Reloading the Dice,” *op. cit.*

## History of Tribal Governmental Gaming

Tribal governmental gaming began in the late 1970s as a way for tribal governments to raise much-needed funds for tribal socioeconomic recovery. From its inception, much of the public policy debate, however, has focused on the extent of and appropriate role for federal, state, and tribal regulation of tribal gaming operations. Indeed, one can only understand the current regulatory arrangement, namely the Indian Gaming Regulatory Act and the roles it proscribes, by considering the context in which it arose.

The case *Seminole Tribe of Florida v. Butterworth* (1983) first addressed the tension between tribes and states concerning the regulatory authority of tribal gaming facilities.<sup>22</sup> In the late 1970s, the Seminole Indian tribe of Florida opened a bingo hall on their reservation. In order to increase their customer base, the Seminole tribe offered jackpots in excess of the State of Florida's limit of \$100. After the state attempted to impose its regulations on the tribe, the tribe sued the state on the basis that the statute was a regulatory document and the federal government had never transferred civil jurisdiction to the State of Florida.

Concluding that the Florida bingo statute was “civil/regulatory” rather than “criminal/regulatory,”<sup>23</sup> the Court found that the Seminole Indian tribe was not subject to the state's statute and could not be prosecuted for violating the limitations imposed by it.<sup>24</sup> Notwithstanding any former interpretation, the court, by determining that the Florida Bingo Statute merely regulated the legal act of running a bingo hall and playing bingo, appeared to affirm federal policy of tribal regulatory authority.

The issue of tribal and state regulatory jurisdiction again came under scrutiny in *California v. Cabazon Band of Mission Indians* (1987),<sup>25</sup> which followed a long line of cases that began with *Seminole v. Butterworth*.<sup>26</sup> The Cabazon Band of Mission Indians began offering bingo and card games on their reservation in the early 1980s. The State of California and Riverside County attempted to enforce state and local regulations against the tribe's enterprises. In deciding *Cabazon*, the US Supreme Court concluded that since bingo and card games were permitted in California in some form and were merely regulated by the state, these games were subject to civil/regulatory jurisdiction and were thus subject only to tribal regulations, not state regulations.<sup>27</sup> Once again, tribal and federal interest in upholding tribal self-determination was demonstrated.

### *Tribal Sovereignty*

These federal cases highlight the broader policy tensions around tribal gaming. Principles of sound public policy, as well as the evidence of 25 years of federal policy,

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<sup>22</sup> 658 F.2d 3110, 5<sup>th</sup> Cir., 1982, cert. Denied 1982.

<sup>23</sup> For further discussion of “criminal/prohibitory” versus “civil/regulatory” matters as they pertain to Indian Country, see *Bryan v. Itasca County*, which established that through P.L. 280 the former was granted to some states and the latter retained by the tribes.

<sup>24</sup> 658 F.2d 3110, 5<sup>th</sup> Cir., 1982, Cert. Denied 1982.

<sup>25</sup> See *Cabazon*, 783 F.2d 900 (1986).

<sup>26</sup> 480 US 202 (1987).

<sup>27</sup> *Cabazon*, 480 US, at 211; see also Rand, Kathryn R.L., and Steven A. Light, “Do ‘Fish and Chips’ Mix? The Politics of Indian Gaming in Wisconsin,” *The Gaming L. Rev.*, 129, 131 (1998).

demonstrate that such rights are critical to tribes' success in building healthy, vibrant societies. Thus, it is wholly consistent with sound public policy that federal authority not be necessary to *permit* an Indian tribal government to act, but rather that that policy should begin with the premise that Indian tribes have authority to govern the affairs of their societies. *Cabazon* appropriately emphasized the federal government's interest in Indian self-government, including the goal of encouraging tribal self-sufficiency and economic development.<sup>28</sup>

### *The Indian Gaming Regulatory Act*

The *Cabazon* decision confirmed tribal regulatory authority over gambling on Indian lands. As a result, many states were concerned about what they perceived to be a loss of jurisdiction with regard to gaming within state borders.<sup>29</sup> Therefore, in 1988, Congress drafted and passed the Indian Gaming Regulatory Act (IGRA). The IGRA did a number of things to balance the interests of tribal and state governments. The jurisdictional balance struck in the IGRA relies upon the classification of gaming activity into three classes, each regulated differently: Class I to be wholly tribally controlled; Class II to be primarily regulated by the tribal governments with oversight from the federal government (through the National Indian Gaming Commission); and Class III to be regulated through a compact between the tribes and states, thus allowing states to share regulatory jurisdiction with tribes over casino-style gaming within their borders (see Figure 5).<sup>30</sup> This scheme was Congress's attempt to "balance the need for sound enforcement of gaming laws and regulations with the strong Federal interest in preserving the sovereign rights of tribal governments to regulate activities and enforce laws on Indian land."<sup>31</sup>

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<sup>28</sup> Justice White wrote, "The inquiry [into the competing interests of states and tribes] is to proceed in light of traditional notions of Indian sovereignty and the congressional goal of Indian self-government, including its 'overriding goal' of encouraging tribal self-sufficiency and economic development."

<sup>29</sup> According to political scientists Henschen and Sidlow, it is not unusual for court rulings handed down by the United States Supreme Court to spur interest groups to urge Congress to enact new statutes. See Henschen, Beth M., and Edward I. Sidlow, "The Supreme Court and the Congressional Agenda-setting Process," *Journal of Law and Politics* 5 (1989), at 686. See also Mason, W. Dale, *Indian Gaming: Tribal Sovereignty and American Politics* (Norman, OK: University of Oklahoma Press, 2000).

<sup>30</sup> Some tribes claimed that the compacting provision of the IGRA was unconstitutional (see *Red Lake Band v. Swimmer*, 740 F. Supp. 9; *Red Lake Band v. Brown*, 928 F. 2d 467).

<sup>31</sup> Senate Indian Affairs Committee Report 100-446, at 5.

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**Figure 5**  
**The Classes of Tribal Gaming**

CLASS I GAMING means social games or traditional forms of Indian gaming.

CLASS II GAMING means: (i) bingo (whether or not electronic, computer, or other technologic aids are used in connection therewith)...including (if played in the same location) pull-tabs, lotto, punch boards, tip jars, instant bingo, and other games similar to bingo, and (ii) card games that are explicitly authorized by the laws of the State, or are not explicitly prohibited by the laws of the State and are played at any location in the State...

CLASS III GAMING means all forms of gaming that are not class I gaming or class II gaming.

Source: Indian Gaming Regulatory Act, 25 USC § 2703.

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**Tribal Government Gaming Regulation**

*Tribal Gaming Commissions*

Since tribal gaming is governmental gaming, tribal governments are regulators—in fact, one of many regulators—of tribal gaming (see Figure 6). Regulating the tribal gaming industry is a costly undertaking but a necessary part of the business. Research by the National Indian Gaming Association (NIGA) into the resources dedicated to tribal gaming regulation reveals that tribal governments spend at least \$164 million per year on tribal gaming regulation. In addition to funding their own tribal gaming commissions and enforcing tribal gaming ordinances, NIGA found that tribal governments collectively give \$40 million to states and another \$8 million to the National Indian Gaming Commission in order to support regulation efforts. Tribes also train and employ over 2,800 commissioners and regulators nationally.<sup>32</sup>

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**Figure 6**  
**Governmental Participation in the Regulation of Tribal Gaming**

		Government		
		Tribal	Federal	State
Gaming Class	I	✓		
	II	✓	✓	
	III	✓	✓	✓

Source: 25 USC § 2701 *et seq.*

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<sup>32</sup> From a survey of gaming tribes with a response rate of 78%. National Indian Gaming Association, “Indian Gaming Regulation,” April 2002.

### *The National Indian Gaming Commission*

Through the Indian Gaming Regulatory Act, Congress created the NIGC to serve as the federal regulatory agency for tribal gaming. The NIGC is an independent federal commission housed within the Department of the Interior. The NIGC is an essential component of the regulation of tribal gaming and is involved in all the phases of development of a tribal gaming operation as well as directly charged with monitoring Class II gaming.<sup>33</sup>

The IGRA spells out a number of regulatory requirements that must be met before Class II or Class III gaming can proceed. The NIGC must review and approve all gaming ordinances. The NIGC also reviews all contracts with outside management companies. This review includes the use of field investigators to conduct background investigations on individuals and entities with management responsibility or related financial interest for a tribal facility. After the gaming venue is operational, the NIGC has a number of important roles. The IGRA requires that all “key employees” and primary management officials of a gaming operation are properly licensed by the tribe. All gaming tribes submit fingerprint cards on key employees along with employee applications, investigative reports, and suitability determinations. The NIGC reviews this information and acts as a channeling agency on behalf of the tribes to process fingerprint cards through the FBI.

The NIGC is specifically authorized to monitor Class II gaming by inspecting and examining gaming premises and auditing Class II records. The NIGC also has the broad authority to determine whether a tribal gaming operation is complying with all provisions of the IGRA, all NIGC regulations, and all tribal regulations. With this regulatory authority comes broad enforcement authority. If the NIGC determines that the IGRA, NIGC regulations, or tribal regulations are violated, it may issue notices of violation, closure orders, and civil fines up to \$25,000 per day, per violation, as can each gaming commission.<sup>34</sup>

### *Determining the “Class” of a Particular Game*

Since the development of the IGRA, the definition of Class I gaming has remained constant, but Class II and Class III definitions have been the subject of much debate. The classification of games was intended to be a technical issue to determine which games would require tribal-state compacts. Congress provided that “technologic aids” to the play of class II were allowable as class II; “electronic facsimiles” of games of chance are class III. The distinction between Class II and Class III games has become more complicated as gambling technology has become more and more sophisticated. As a result, the United States and the tribes have engaged in extensive litigation over the classification of gaming machines, with tribes and gaming vendors winning several important recent cases.<sup>35</sup>

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<sup>33</sup> 25 USC 2706 (b) (1).

<sup>34</sup> Penny J. Coleman, Testimony before the National Gambling Impact Study Commission, July 30, 1998.

<sup>35</sup> See *Diamond Game Enterprises v. Reno*, 230 F.3d 365 (D.C. Cir. 2000); *United States v. 162 Megamania Gambling Devices*, 231 F.3d 713 (10<sup>th</sup> Cir. 2000); *United States v. 103 Electronic Gambling Devices*, 223 F.3d 1091 (9<sup>th</sup> Cir. 2000); *United States v. Santee Sioux Tribe*, 174 F. Supp. 2d 1001 (D. Neb. 2001).

Congress made clear that it intended for tribes to “have maximum flexibility to utilize games such as bingo...for tribal economic development.”<sup>36</sup> Indeed, the Senate Committee Report detailing IGRA’s Class II definition states that, “the Committee specifically rejects any inference that tribes should restrict class II games to existing games sizes, levels of participation, or current technology. The Committee intends that tribes be given the opportunity to take advantage of modern methods of conducting class II games and the [IGRA] language regarding technology is designed to provide maximum flexibility.”<sup>37</sup>

### **Class III Gaming Compacts in Oklahoma**

The IGRA requires that a tribe and the state negotiate an agreement, known as a compact, before a tribe may offer Class III gaming on Indian lands.<sup>38</sup> A tribal-state compact is a regulatory document meant to address two specific issues: (1) the scope of gaming allowed in the state; and, (2) the terms of joint regulation of gaming activities.<sup>39</sup> In Oklahoma, the Governor is authorized to negotiate and enter into cooperative agreements on behalf of the state with federally recognized Indian tribal governments to address issues of mutual interest.<sup>40</sup> In addition to the Governor’s role, the Joint Committee on State and Tribal Relations represents the legislative branch of Oklahoma’s state government during the compacting process.<sup>41</sup> Approved agreements or compacts are then made official by the Office of Oklahoma’s Secretary of State.

Since the enactment of the IGRA, 15 of Oklahoma’s federally recognized tribal governments have entered into off-track pari-mutuel Simulcast Horse Wagering Compacts with the State of Oklahoma. Currently, ten tribes in Oklahoma offer off-track betting in 15 facilities (see Figure 7 and Appendix A). These compacts represent the successful exercise of tribal and state sovereignty as tribal governments and the State of Oklahoma work together on issues of common interest. In addition to the gaming compacts, the State of Oklahoma and numerous tribal governments have a multitude of intergovernmental agreements covering motor fuel taxation, police cross-deputization, tobacco taxation, and other policies of mutual concern.<sup>42</sup>

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<sup>36</sup> Senate Report 100-446, at 9.

<sup>37</sup> *Ibid.*

<sup>38</sup> The IGRA’s tribal-state compacting process is outlined in Appendix D.

<sup>39</sup> A compact is not a document “giving” tribal governments the right to have gambling. Tribes retain a federal right to offer forms of gambling already permitted in the state. Rather, a tribe-state compact governs the conduct of gaming activities. 25 USC 2710 (3) (A).

<sup>40</sup> Title 74 O.S. Chapter 35A § 1221 C.

<sup>41</sup> This Committee was created by statute in 1988. Oklahoma Indian Affairs Commission, *State and Tribal Relations in Oklahoma*, <http://www.oiac.state.ok.us/s-trelations.html>, accessed 3/27/02.

<sup>42</sup> Oklahoma Indian Affairs Commission, *Compacts, Contracts, and Agreements*, 2/7/02, <http://www.oiac.state.ok.us/cca.html>, accessed 3/27/02.

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**Figure 7****Fifteen Indian Nations Have Class III Gaming Compacts with Oklahoma**

Absentee Shawnee Tribe	Chickasaw Nation	Choctaw Nation
Citizen Band Potawatomi	Comanche Tribe	Eastern Shawnee Tribe
Iowa Tribe of Oklahoma	Kaw Nation	Miami Tribe
Modoc Tribe	Otoe-Missouria Tribe	Ponca Nation
Seminole Nation	Seneca-Cayuga Tribes	Tonkawa Tribe

Source: Oklahoma Indian Affairs Commission, "Compacts, Contracts, and Agreements," January 30, 2002, accessed at <http://www.oiac.state.ok.us/cca.html>.

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*Gaming as a Tribal Governmental Activity*

Tribal-state compacting, whether for gaming or other activity, is a formal affirmation of government-to-government relations. Just as states perform governmental functions ranging from passing laws to administering programs, tribal governments also have the sovereign authority and responsibility to govern. While tribes perform virtually all the functions typically exercised by other sub-national governments, such as establishing and enforcing laws, collecting trash, licensing childcare facilities, managing natural resources, and providing health care, they must also cope with two challenges that non-Indian governments do not face. First, they must craft policy within tribal institutions and according to tribal cultural and political prerogatives that nonetheless must meet modern tests of efficacy. Second, tribal governments must contend with staggering social conditions not of their own making, conditions that few other governments in the United States have ever faced. These challenges become even more critical in the context of severely inadequate federal funding.

These two additional challenges make the exercise of tribal self-government a particularly delicate and urgent task in Indian Country. While much of the historical record on tribal economic and social conditions reveals severe shortfalls in funding, self-determination policy has supported a relative resurgence of tribal governmental success of which tribal gaming may be only the beginning.

### **III. WHAT TRIBAL GAMING MEANS FOR THE STATE OF OKLAHOMA**

Critics of gaming in general, and tribal gaming in particular, argue that gaming establishments simply shift consumer-spending patterns and, therefore, do not contribute to regional economic growth. That is, they allege, gaming moves dollars that would have been spent at one local business to another local business and does not contribute to overall regional economic development. These arguments are based on flawed reasoning that ignores basic principles of economics and misinterprets directly relevant evidence—particularly the evidence on *tribal* gaming. This section provides a proper framework for understanding the contributions made by tribal gaming operations and then presents data on Oklahoma tribal gaming and what it means to the Oklahoma economy.

#### **The Economics of Gaming Impacts**

The critics of gaming often analogize gaming facilities to fast-food establishments. The argument is generally as follows: The introduction of a new fast-food restaurant into a given area does not typically create net new economic activity. A new establishment might improve the welfare of consumers by presenting an additional choice, yet in most locations, a new Burger King, for example, will not improve the regional economy's productivity, lead to more exports from the region, or otherwise contribute to regional economic growth. Given that people can only eat so much in a day, such establishments simply transfer business from one provider of food to another firm without bringing economic growth.

The “fast food” argument outlined above is inapplicable to tribal gaming because it fails to place tribal gaming within its proper context. First, tribal governments have utilized gaming as an economic development strategy to help address the relatively low socioeconomic status of their citizens (see, for example, Section IV below). Critics of tribal gaming often fail to consider the fact that gaming enterprises often serve to employ citizens who have been on welfare, discouraged from seeking work, or otherwise indisposed to productively participating in the economy. On net, bringing discouraged and unemployed citizens into the workforce improves the economy by reducing government spending on assistance and by increasing household spending. For Indian nations, where unemployment rates and welfare dependency are more pronounced than they are for most other American groups, this is a particular benefit. And it is not just a benefit to the Indian economy—more economically sound tribal households translate into lower taxpayer burdens, greater spending in non-Indian establishments, and lower poverty-induced spillovers. In other words, all Oklahomans stand to benefit, even if it were the case that only Oklahoma's tribal citizens come off the welfare rolls to work in tribal gaming facilities.

Second, the “fast-food” argument overlooks key regulatory attributes of gaming. Although the national availability of lotteries, horse and dog tracks, riverboat casinos, and land-based casinos has increased dramatically over the past two decades, the deployment of gaming establishments is often heavily regulated. For example, in most states, gaming establishments are geographically restricted to Indian reservations, to rivers (e.g., Iowa riverboats), and to

particular municipalities (e.g., Atlantic City and Detroit).<sup>43</sup> Consequently, any assessment of the impact of a particular gaming facility on the regional or state economy must take into consideration the physical location of the gaming facility, as the economic impact of a given gaming facility depends upon:

- the region of concern;
- the opportunities to bring tourists into the region;
- and the opportunities for keeping the region's citizens from spending dollars outside the region.

As will be discussed in more detail below, tribal gaming in Oklahoma is particularly well-placed to draw out-of-state tourists into the state's economy. Thus, in contrast to the assertions put forth by the critics of tribal gaming, the tribal gaming operations in Oklahoma do, in fact, bring out-of-state dollars into the state.

Third, the "fast-food" argument ignores the heavy taxation of tribal gaming establishments. Tribal gaming enterprises, because they are government-owned, face taxes of 100%, and those revenues tend to be re-spent locally by tribes. This local investment differs from that of privately owned businesses, which often send dividends to a parent corporation outside the region or to shareholders around the world. Tribal governments in Oklahoma, for example, have reinvested their gaming income locally in infrastructure, education, health care, community development, economic diversification, and a host of other social and economic programs that benefit both Indians and non-Indians. (See Section IV). As such, these expenditures maintain a relatively high proportion of the profits in the state economy in general, and the non-Indian Oklahoma economy in particular. The majority of tribal gaming's expenditures are made outside of Indian economies as tribal governments are compelled to purchase many, if not all, of their goods and services from non-Indian businesses.<sup>44</sup>

**Focus on a Tribe: Cherokee Nation Enterprises**

Cherokee Nation Enterprises (CNE) is a corporation owned by the Cherokee nation that runs their gaming and other sectors. Each year the CNE helps sponsor the Cherokee Nation Angel Tree, a volunteer project that provides Christmas gifts to Indian children who live within the 14-county jurisdiction of the Cherokee Nation. The Tree stands in the lobby of the Cherokee Nation complex and is decorated with paper angels bearing names and gift wishes of participating children. In 2001, the Angel Tree provided gifts for nearly 900 children. The largest contributor was Cherokee Nation Enterprises, who donated \$20,000. This year's contribution was especially important since overall giving was down and applications were up, leaving 500 angels on the tree after the deadline had passed. With CNE's support, all the children received gifts.

Source: Cherokee Nation Enterprises.

Of course, there are other economic benefits of tribal gaming. Tribal government gaming is not transient, as some other businesses are; that is, the Absentee Shawnee's Thunderbird Entertainment Center in Norman, Oklahoma, is not going to suddenly depart for Houston because of a merger, as some corporations have done. As such, Indian nations view themselves

<sup>43</sup> In addition, regulations limit the services (e.g., through riverboat sailing requirements and bet limits) and capacity of such operations (e.g., the Arizona and California Indian compacts).

<sup>44</sup> Because tribal governments are not able to produce all the goods and services to support their gaming facilities, they purchase a majority of these products and services from non-Indian businesses.

as permanent Oklahoma residents, and their contributions to local municipalities and charities are indicative of these local relationships (see Figure 8). In addition to these ancillary benefits, the evidence below indicates tribal gaming is a substantial economic contributor to the Oklahoma economy.

**Figure 8**  
**Sample of Organizations Receiving Charitable Contributions**  
**from Indian Nations in Oklahoma**

Adair County Child Welfare	Juvenile Diabetes Foundation	Oklahoma Reserve Law Officers
All Indian Rodeo Association	Kansas Public School	Oklahoma Special Olympics
American Cancer Society	Little Axe Chamber Of Commerce	Oklahomans for Indian Opportunity
American Legion	Little Axe High School Yearbook	Operation Christmas
Angels of the Cherokee Fund	Little Axe Little League	Paralyzed Veterans of America
Atoka Sophomore Class	Local Bands	Pocola Fire Department
Bear Valley Native American Association	Local Chamber of Commerce	Ponca City School System
Bell School	Local Christmas Toy Program	Pushmataha County Historical Society
Big Brother and Big Sister Program	Local Holiday Turkey/Ham Program	Red Cross
Bowl for Kids	Local Police Department	Red River Valley Girl Scout
Boy Scouts of America	Local Sports Teams	Reichert Fire Department
Boys & Girls Club	Local United Way	Roland High School
Bryan County Fair Board	Lost City Head Start	Roland/Muldrow Senior Citizens
Chance Community Volunteer Fire Dept.	Loyal Shawnee Pow -Wow	Salvation Army
Cherokee County 4-H and FFA	Make-A-Wish Foundation	Senior Citizens of Ochelata
Cherokee National Historical Society	May 3rd Tornado Victims	Sequoyah High School
Cherokee National Holiday	McAlester Care Center	Shawnee Medical Center (Cancer)
City of Shawnee	McIntosh County Democrat Inc.	Shawnee Public School Sports
City of Tecumseh	Muldrow Nutrition Center	Shoes for Kids
Cowskin Fire Dept	Muldrow Senior Citizens	St. Judes Children's Hospital
District Attorney Narcotics Unit	Muscular Dystrophy Association	Stilwell Public School
Durant Middle School	Music City Players	Tahlequah Senior Citizens
Durant School District	National Diabetes Foundation	Texoma Youth Rodeo Association
Evening Shade Community	National Haskell Alumni	The Women's Resource Center
Grove Fire Dept	Native American Heritage Committee	Tiny Tots Beauty Pageant
Hugo School District	Nicut Rural Fire Department	Town of Watts
Hulbert Community Project	NYC Firefighters	Tribal Alliance for Sovereignty
Idabel Chamber of Commerce	Oaks Indian Center	Tri-Community Volunteer Fire Department
Idabel Youth Football	Oaks Mission Public Schools	United Way Disaster Relief Fund
Indian Nations Council	Oaks Senior Citizens Center	Veterans of Foreign Wars
Jay Middle School	OK Highway Troopers Assoc.	Watts Alternative School
Jaycees	Oklahoma Earth Day	Watts Police Department
	Oklahoma High School Rodeo	
	Oklahoma National Memorial	

Source: Survey of Oklahoma Indian Nations.

## State-Wide Impacts

### *Direct Impacts*

As noted in Section I, tribal government gaming is a significant sector of the Oklahoma economy. In 2000<sup>45</sup>, the tribal gaming operations:

- turned over an estimated \$208 million in revenue,

<sup>45</sup> See note 6.

- directly employed an estimated 3,857 people,
- purchased a combined \$73 million in supplies and services,
- paid \$43 million in wages and salaries,
- transferred on the order of \$83 million to their respective tribal governments,<sup>46</sup> and
- withheld an estimated \$500,000 in state unemployment taxes.<sup>47</sup>

In addition to these recurring annual expenditures, tribal governments have expended significant capital constructing and remodeling gaming facilities and related infrastructure. Indeed, nine tribes report that from 1993 to 2000, they spent a total of \$37 million dollars.<sup>48</sup>

As noted above, these gaming-related dollars are predominantly expended within the Oklahoma economy. For example, over 80% of the Absentee Shawnee’s gaming supplies and other non-labor acquisitions are purchased from vendors located in the State of Oklahoma.<sup>49</sup> Such expenditures have subsequent positive impacts on the state’s economy as those suppliers, in turn, buy additional products to support their operations, pay their employees, and remit tax payments to state and regulatory authorities.

### *Gross Impacts*

To estimate the total impact on the state’s economy of these gross direct impacts, we apply a regional model of the Oklahoma economy to the aforementioned supplier purchases, employee wages, and transfers to government. With these inputs, the model then answers the question: What would the Oklahoma economy look like without tribal gaming? As goods and services are bought and sold in the economy they engender subsequent rounds of spending, and these multiplier effects ripple outward affecting employment, prices, migration, and other economic variables. The model we use, REMI, is widely applied by state revenue departments and other policy analysis agencies to answer these kinds of questions.<sup>50</sup>

In this case, we make modifications to the model to account for the government ownership of the enterprises and then analyze what multiplier impact the spending has (see Appendix C). *Supplier purchases* are the ongoing goods and services (i.e., the non-labor inputs) purchased by the tribal gaming operations in the course of business. As noted above, in a typical year, these expenditures were estimated to be \$73 million. *Employee wages*, the monies paid by the gaming facilities to their employees, were estimated to be \$43 million in a typical year.<sup>51</sup> *Transfers to tribal governments* represent those funds transferred from the gaming operations to their respective tribal governments. As discussed in Section IV below, federal law mandates that the net income of tribal gaming enterprises be used by tribal governments for specific purposes

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<sup>46</sup> See note 8.

<sup>47</sup> Survey of Oklahoma Indian Nations.

<sup>48</sup> *Ibid.*

<sup>49</sup> *Ibid.*

<sup>50</sup> Below, we examine net impacts and regional impacts with the same REMI model.

<sup>51</sup> From the perspective of the model, these funds enter the regional economy as “household expenditures” as employees, in turn, use their compensation to purchase basic necessities (e.g., food) and make capital expenditures (e.g., housing and automobiles).

that advance community economic and social welfare. Oklahoma’s tribal gaming facilities transferred an estimated \$83 million to their respective governments for these purposes.

As shown in Figure 9, tribal gaming operations have substantial gross economic impacts on the state’s economy. When multiplier effects are taken into account, the aforementioned direct expenditures of \$208 million represent an annual total impact on Oklahoma’s economy of nearly \$329 million in gross state product. That is, tribal government gaming accounts for an estimated \$329 million worth of final goods and services in the Oklahoma economy. In addition, tribal gaming operations are associated with over 13,000 final jobs, and just over \$23 million in new tax revenues flowing to the state.<sup>52</sup>

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**Figure 9**  
**Estimated Gross Economic Impact of Tribal Gaming**

Employment	13,240 jobs
Gross Regional Product	\$ 329,426,087
State Tax Revenues	\$ 23,090,241

Source: Survey of Oklahoma Indian Nations; Regional Economic Models, Inc.

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Of course, the *gross* economic effects are a first step in impact assessment. Unfortunately, in many studies gross benefits are the last step because net benefits are relatively costly to assess. Nonetheless, sound policy decisions require also asking: How do these gross benefits compare to what would have happened in the economy anyway? The old saying, “There’s no such thing as a free lunch,” recognizes that most things come at a cost, and the resources deployed to provide tribal gaming entertainment are no exception. A new carpet at a casino might have gone to a movie theater instead, and policy makers must take that diversion of resources into account. Even after gross benefits are estimated, the question remains: Is this good for the economy of the state overall, or does it come at an economic cost that renders the policy a net bad for the economy? The answer to this question hinges on the behavior of out-of-state customers in Oklahoma and on the behavior of Oklahoma tourists who might otherwise go out of state for gaming entertainment.

### Spending by Out-of-State Consumers

Because many of the tribal gaming facilities are located within driving distance of the border, out-of-state consumers are in a position to buy a significant portion of tribal gaming services, and to the extent that they do, this represents a net economic benefit to the state

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<sup>52</sup> Note that, consistent with government-to-government relationships, the state does not tax the tribal facilities. The taxes reported here are associated with the multiplier effects. When a tribe buys a ton of cement, it does not pay sales taxes on the cement nor pay income taxes on the building made with the cement, but the cement company does pay taxes on its inputs and its income if it is not a tribal enterprise.

economy. Tribal governments are required by federal law to build their gaming facilities on lands held in trust for them by the US government.<sup>53</sup> These trust lands are not systematically located where it would be optimal for tribal governments to operate gaming establishments, e.g., near large customer bases. For the most part, tribes have had to take their landholdings as given. In Oklahoma, the distribution of gaming facilities displays the effects of this legal constraint: gaming facilities are distributed in a quasi-random pattern. Some, like the Cherokee Casino in Catoosa and the Chickasaw’s Goldsby Gaming Center in Norman, are fortuitously near a metropolitan area or highway. Others, like the Iowa Tribe’s Cimarron Bingo Casino in Perkins, are apparently remote from transportation corridors and metropolitan markets (see Figure 1). Whatever the historical reasons for the dispersion of tribal trust land in Oklahoma, it has the effect of putting about half of the gaming capacity within 50 miles of the state border and three-quarters within 100 miles (see Figure 10). Consequently, these operations are poised to reach a substantial number of potential out-of-state customers. Between one and five million out-of-state customers find themselves within driving distance of an Oklahoma tribal gaming facility, respectively (see Figure 11).<sup>54</sup>

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**Figure 10**  
**The Tribal Gaming Market Within Driving Distance of Other States**  
 Year-end 2001

	<b>Gaming Machines</b>	<b>Bingo Seats</b>
TOTAL	9,104	17,930
within 50 miles of the border	47%	50%
within 100 miles of the border	79%	76%

Sources: Survey of Oklahoma Indian Nations; [www.casinocity.com](http://www.casinocity.com).

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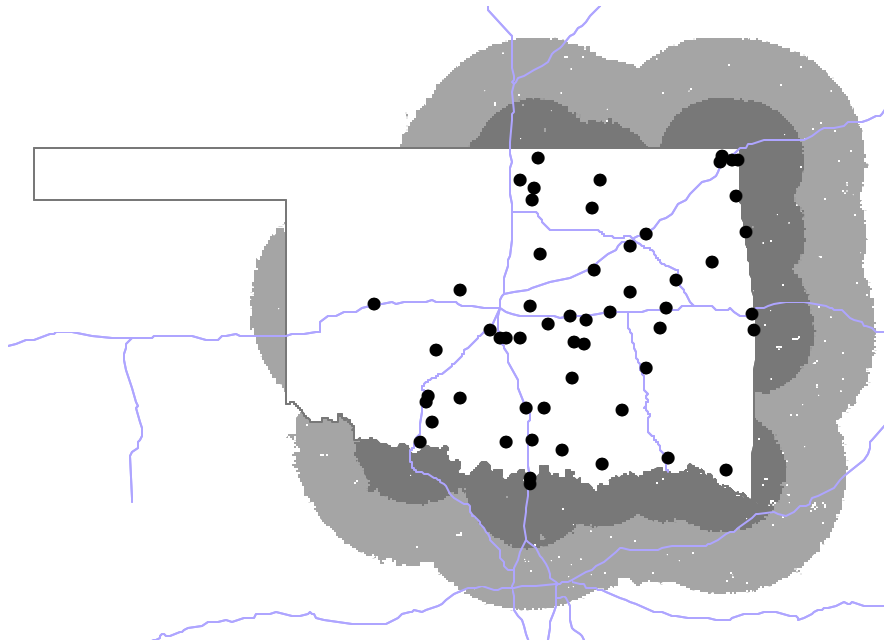
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<sup>53</sup> Trust status for Indian land means that the Federal government retains the title for the land and the tribal government retains the benefit of use and occupancy. In general, trust status was meant to protect tribal lands from non-Indian land speculators by requiring that the Secretary of the Interior approve all trust land sales to non-Indians.

<sup>54</sup> Rules of thumb vary according to the density of gaming markets, but typically customers are willing to travel between 50 and 100 miles to a gaming facility. Note “miles” in this report refers to “crow-flies” miles unless otherwise indicated.

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**Figure 11**  
**Out-of-State Population Within 50 - 100 Miles of Oklahoma Tribal Gaming Facilities**  
21 years of age or older, 1999



Pop. w/in 50 mi.: **998,886**

Pop. w/in 100 mi.: **5,358,795**

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Source: GeoLytics, *CensusCD 2000, Short Form Blocks* (Brunswick, NJ: GeoLytics Inc., Jan. 7, 2002).

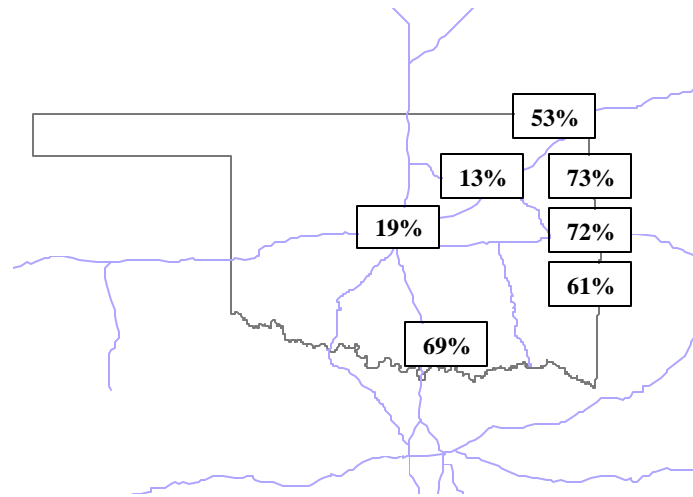
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Gaming operations close to the border report that substantial fractions of their customers are non-Oklahomans (see Figure 12). Indeed, assuming that all Oklahoma tribal gaming facilities within 50 miles of the border have an average of 65% out-of-state patronage and all others have an average of 16% (per the numbers in Figure 12), then an estimated \$83 million of the sector's revenues, or 40%, can be considered sales to out-of-state customers, and therefore a direct benefit to the Oklahoma economy.<sup>55</sup>

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<sup>55</sup> We also assume that in- and out-of-state patrons spend similar amounts at facilities. This is conservative since out-of-state visitors have a propensity to stay at a facility longer. See, e.g., Ryan, Timothy P., and Janet F. Speyrer, *Gaming in Louisiana: A Benefit/Cost Analysis*, prepared for the Louisiana Gaming Control Board, April 1999.

**Figure 12**  
**Proportion of Out-of-State Patronage**  
 Selected Oklahoma Tribal Gaming Facilities



Source: Survey of Oklahoma Indian Nations.

### Spending by In-State Consumers

To go from gross benefits to net benefits, it is also important to determine the extent to which tribal gaming operations retain Oklahoman dollars that would have otherwise been spent at out-of-state destinations, because such “recaptured” spending represents an additional net benefit to the Oklahoma economy. For example, a certain number of Oklahomans traveled to Las Vegas casinos, Missouri riverboats, Texas horse tracks, and other out-of-state venues (gaming-related and otherwise) prior to the general development of tribal gaming, and now some are persuaded to spend some portion of their leisure budget within Oklahoma because of the availability of tribal gaming facilities. Where this occurs, Oklahoma reaps a net economic benefit.

Unfortunately, obtaining Oklahoma-specific data on residents’ spending patterns requires a consumer survey beyond the scope of this research. Available research on neighboring Missouri found that that 36% of Missouri residents’ gambling expenditures are diverted from out-of-state consumption. Using this assessment as a benchmark by which to assess the potential impact on the Oklahoma economy from residents forgoing opportunities to expend their leisure dollars at out-of-state destinations, tribal gaming operations would have the effect of retaining an additional \$72 million within the state’s economy.<sup>56</sup>

<sup>56</sup> Leven, Charles, and Donald Phares, *Casino Gaming in Missouri: The Spending Displacement Effect and Net Economic Impact*, Proceedings: 90<sup>th</sup> Annual Conference on Taxation, Chicago, Illinois, November 9-11, 1997, 1998, at 435-6.

## Net Impacts

Figure 13 shows the range of the potential net economic impacts on the state’s economy taking into consideration spending by non-Oklahoma residents and potential changes in out-of-state spending by Oklahoma residents. Column A conservatively assumes that all spending by Oklahomans on tribal gaming simply displaces existing spending on in-state alternatives i.e., any net economic effects arise only from the spending by out-of-state consumers. By these assumptions, tribal gaming facilities produce a net economic benefit to the State of Oklahoma of \$128 million. That is, conservatively assuming that tribal gaming resulted in no Oklahoma residents forgoing expenditures on out-of-state recreation or leisure activities, then the gaming facilities had a net economic impact of over \$128 million dollars; 5,200 net additional jobs were created; and the state reaped almost \$9 million in state tax revenues it would not have had, but for tribal gaming.

Column B shows the effect of tribal gaming on Oklahoma output, assuming that Oklahoma patrons display patterns similar to those in Missouri —i.e., that about one-third of their gambling expenditure is diverted from out-of-state consumption. (The other two-thirds are assumed to be diverted from other within-Oklahoma spending or saving and, therefore, add no net economic benefit to the state.)<sup>57</sup> Such assumptions result in tribal gaming facilities producing a net economic benefit to the State of Oklahoma of approximately \$201 million in additional gross regional product. That is, the spending at tribal gaming facilities by Oklahomans that would have otherwise been spent outside the state plus the spending from out-of-state customers resulted in an additional \$201 million dollars being added to the state economy, with a corresponding addition of over 8,000 jobs and \$14 million in state tax revenues.

**Figure 13**  
**Net Economic Impact Estimates**

Change in...	A Estimated Impact Assuming No Impact from In-State Spending	B Estimated Impact Assuming “Missouri” Pattern of In-State Spending
Employment	5,258 jobs	8,133 jobs
Gross Regional Product	\$128,751,105	\$201,043,193
State Tax Revenues	\$ 8,880,483	\$ 14,021,543

Source: Survey of Oklahoma Indian Nations; Regional Economic Models, Inc.

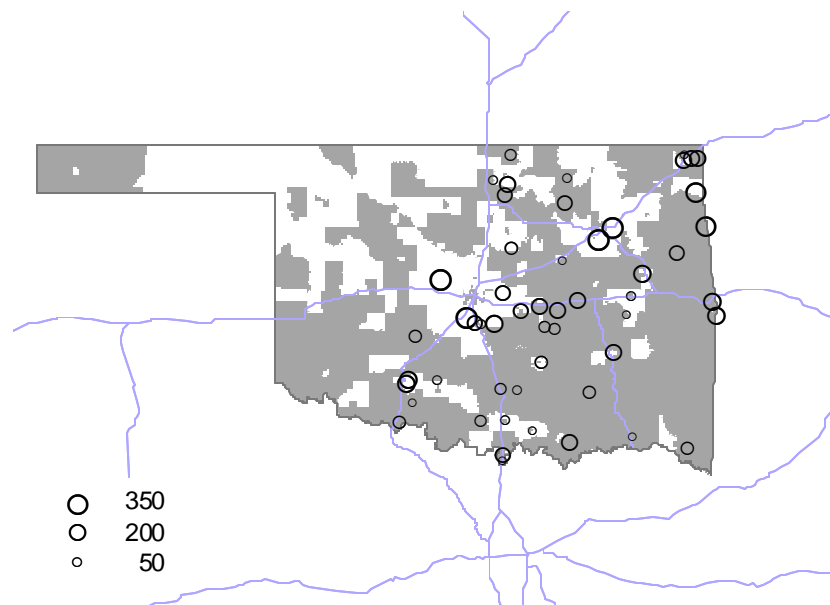
<sup>57</sup> In-state expenditures are estimated per the discussion in the text at note 55, i.e., 60% of the sector’s revenues derive from in-state patrons. It is conceivable that the net impact is higher even than \$201 million, since the possibility exists that Oklahoma consumers might be even more inclined to substitute imports than Missouri consumers.

## Regional and Distributional Benefits

Not only is tribal government gaming a net benefit to the state overall, tribal gaming also has positive consequences for the distribution of economic activity within the state. The location of gaming facilities in many depressed areas of the state means that the job creation and the positive economic benefits flowing from such operations disproportionately accrues to some of the poorest areas of the state. The shaded regions of Oklahoma in Figure 14 are the regions that meet Oklahoma’s criteria as economically distressed areas—that is, they have poverty rates equal to or greater than 30% of the Oklahoma average poverty level or have per capita incomes 15% lower than the state average or worse. Thirty-six of the 55 tribal gaming facilities in Oklahoma, representing 50% of the capacity, are in these distressed areas. Moreover, since about one-third of Oklahoma Indian nations’ gaming employees are non-Indians, the effect on non-Indian household incomes is direct.

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**Figure 14**  
**Tribal Gaming Benefits Accrue in Poor Areas of Oklahoma**  
Electronic Machine Capacity & Economically Distressed Areas



Sources: Oklahoma Department of Commerce.

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Figure 15 shows the net economic impacts by region. In particular, the figure shows the economic contributions of and impacts on those counties that have gaming operations and those that do not. The figure further breaks down the regions into rural or urban categories and on the basis of whether they are located within 50 miles of the state’s border.<sup>58</sup> So, for example, those

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<sup>58</sup> For more detail on regional definitions see Appendix C.

rural counties that have gaming operations and are located near the state’s border (“rural border”) constitute only 16% of the state economy. As shown in Figure 14, these counties, by and large, are economically distressed areas. Yet, these counties receive between approximately 50 to 65% of the economic benefits of tribal gaming. That is, assuming no economic impact from in-state consumers, the rural border region’s economy increased by over \$85 million dollars in the year 2000 as a result of tribal gaming. This constitutes approximately 66% of tribal gaming’s net economic benefits. Assuming that approximately one-third of Oklahoman’s spending at tribal gaming facilities would have otherwise been spent beyond the state’s border and, consequently, results in net new economic activity to the state, then over \$100 million, or approximately 50%, of the total \$201 million in economic benefits accrued to the people of these disadvantaged counties.

**Figure 15**  
**Regional Shares of Net Economic Impact**

		<b>Tribal Gaming Impacts</b> (estimated change in GRP)			
		<b>A</b>		<b>B</b>	
		<b>0% Import</b>		<b>36% Import</b>	
		<b>Substitution</b>		<b>Substitution</b>	
<b>Share of State GRP</b>		Million \$	%	Million \$	%
<b>Gaming Region</b>					
Rural Border	16%	85.0	66%	101.9	51%
Rural Non-Border	12%	17.7	14%	47.1	23%
Urban	30%	15.2	12%	35.1	17%
<b>Non-Gaming Region</b>					
Urban	27%	7.8	6%	12.0	6%
Rural	14%	3.1	2%	4.8	2%
<b>TOTAL</b>	<b>100%</b>	<b>128.7</b>	<b>100%</b>	<b>201.0</b>	<b>100%</b>

Source: Survey of Oklahoma Indian Nations; Regional Economic Models, Inc.

**Focus on a Tribe: Miami and Modoc**

The Miami Tribe and the Modoc Tribe have opened the only joint gaming facility in the State of Oklahoma—the Stables. This facility, located in Miami, Oklahoma, opened in September 1998. Located in a depressed area in northeast Oklahoma, the Stables is one of the largest employers in the area. It opened shortly after Bayline Marine laid off 150 people. Currently the Stables offers 125 jobs, approximately 85% of which are held by non-members.

Source: Miami Tribe.

All rural counties having gaming operations (i.e., border and non-border) together constituted only 28% of the state’s economy. Nonetheless, they received 75 to 80% of the net economic benefits, or approximately \$100 to \$150 million, produced by tribal gaming facilities. As Figure 15 shows, the regional effects of tribal gaming are disproportionately concentrated. Those areas that are economically marginal in the state benefit the most.

#### **IV. WHAT TRIBAL GAMING MEANS FOR INDIAN NATIONS IN OKLAHOMA**

Assessing the social impacts of tribal gaming entails a combination of methodologies and strategies, some of which may be difficult to implement.<sup>59</sup> Unfortunately, the bulk of gaming impact analysis has weighed estimates of social costs asserted to be associated with gaming against the estimated economic benefits of gaming.<sup>60</sup> This approach, however, often results in a serious methodological oversight in that it fails to measure social *benefits*. 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.

The evidence from Indian nations in Oklahoma indicates that tribal governments are making substantial socioeconomic investments. The Seneca-Cayuga Bingo facility (and every other Indian facility) is providing first-time employment opportunities to formerly discouraged, underemployed, and unemployed tribal citizens, and at Seneca-Cayuga employees' children are now cared for at the new tribally owned and operated daycare center. Many Cherokee and Choctaw citizens are learning their history and language for the first time through gaming-sponsored educational programs. Miami tribal members can read their own history in a tribally owned library and archive which houses 16,218 items and connects six other tribal libraries to a shared catalog. Members of the Citizen Potawatomi Nation can now attend powwows and events hosted by other Potawatomi tribes in the Midwest, strengthening family ties that were weakened by federal removal policy.

The list of social investments by tribal governments is extensive and spans virtually all areas of community life. And while the effects of these investments are hard to measure in many instances, the breadth and depth of the investment activity are indicative of substantial efforts toward socioeconomic recovery. This section reviews the most recent available evidence on the socioeconomic status of American Indians in Oklahoma in comparison to non-Indians in Oklahoma and documents many of the activities tribes have undertaken to improve the lives of Oklahoma's tribal citizens.

#### **The Socioeconomic Status of Oklahoma's Indian Population**

Currently, 39 American Indian tribes are located within the State of Oklahoma—38 of which are federally recognized.<sup>61</sup> According to recent enrollment figures, the federally

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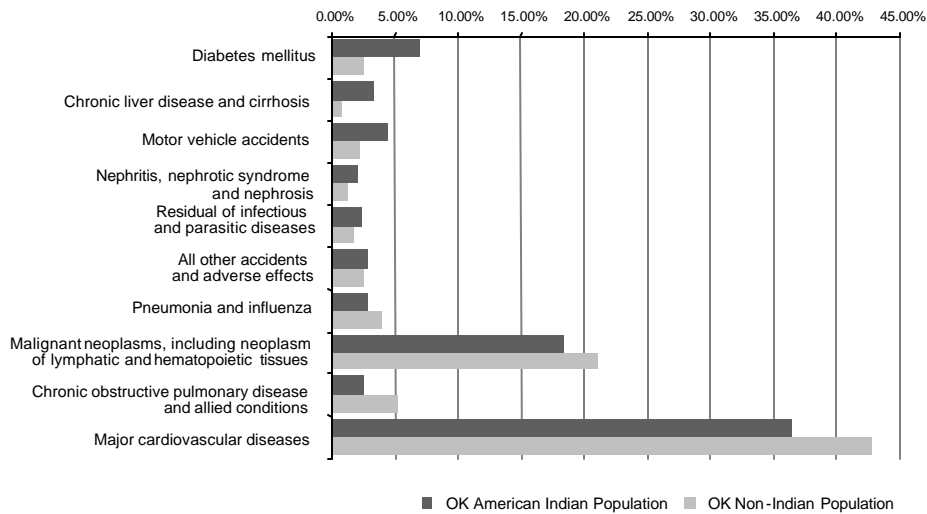
<sup>59</sup> Certain critically relevant social impacts cannot be captured by standard economic models or in the analysis of census data alone. Rather, social impacts are likely to be best captured by a combination of methods, including econometric analysis of socioeconomic indicators, ethnographic fieldwork, and interviews. The title of the recent United States General Accounting Office review of the National Gambling Impact Study Commission says it best: "Economic Effects [are] More Measurable Than Social Effects." US GAO, *Report to the Honorable Frank R. Wolf, House of Representatives, Impact of Gambling: Economic Effects More Measurable Than Social Effects*, April 2000, GAO/GGD-0078.

<sup>60</sup> See e.g. Deloitte & Touche LLP, *Economic Impacts of Casino Gaming on the State of Michigan*.

<sup>61</sup> Oklahoma Indian Affairs Commission, *Oklahoma Tribal Facts and Figures, 1/30/2002*, <http://www.oiac.state.ok.us/factfigures.html>, accessed 3/27/02.

recognized tribes have a combined enrollment of 591,437 citizens.<sup>62</sup> Moreover, considering 273,230 American Indians reside within the state, American Indians represent nearly 8% of the state’s population.<sup>63</sup> Oklahoma was originally inhabited by only a handful of tribes.<sup>64</sup> The majority of Oklahoma’s current Indian tribes were removed to the state (once called “Indian Territory”) during the federal removal policies that began in the 1830s.<sup>65</sup> According to one scholar, “generalizing about the coming of the Indian(s) to Oklahoma is not easy. Tribes came at different times and for different purposes. Divisions of the same tribe were often split by migration...Most Oklahoma Indians opposed coming to the state...The present Indian nature of the state is the result not of aboriginal Indian choice but of [federal] policy.”<sup>66</sup>

**Figure 16**  
**Top Ten Indian and Non-Indian Causes of Death**



Source: Center for Health Statistics Health Promotion and Policy Analysis, Oklahoma State Department of Health, *Oklahoma Health Statistics 1998*; GeoLytics, *CensusCD 2000, Short Form Blocks* (Brunswick, NJ: GeoLytics Inc., Jan. 7, 2002).

<sup>62</sup> This figure represents 37 of Oklahoma’s federally recognized tribes. There were no enrollment figures available for the Shawnee Tribe or the Yucki (Euclidean Tribe), which has filed for federal recognition. (Of course, there are other American Indians who live in Oklahoma who belong to tribes located in other states, and many of those enrolled in Oklahoma tribes do not live in the state.) Oklahoma Indian Affairs Commission, *Oklahoma Tribal Enrollment, 1/30/2002*, <http://www.oiac.state.ok.us/enroll.html>, accessed 3/27/02.

<sup>63</sup> US Bureau of Census, *Census 2000 Summary File 1 (SF 1) 100-Percent Data*, [http://factfinder.census.gov/servlet/QTTable?ds\\_name=DEC\\_2000\\_SF1\\_U&geo\\_id=04000US40&qv\\_name=DEC\\_2000\\_SF1\\_U\\_DP1](http://factfinder.census.gov/servlet/QTTable?ds_name=DEC_2000_SF1_U&geo_id=04000US40&qv_name=DEC_2000_SF1_U_DP1), accessed 3/27/02.

<sup>64</sup> See, e.g., Strickland, Rennard, *The Indians in Oklahoma* (Norman: University of Oklahoma Press, 1980).

<sup>65</sup> Foreman, Grant, *Indian Removal: The Emigration of the Five Civilized Tribes of Indians* (Norman: University of Oklahoma Press, 1972). Debo, Angie, *And Still the Waters Run* (Princeton, NJ: Princeton University Press, 1973).

<sup>66</sup> Strickland, *op. cit.*, at 2-3.

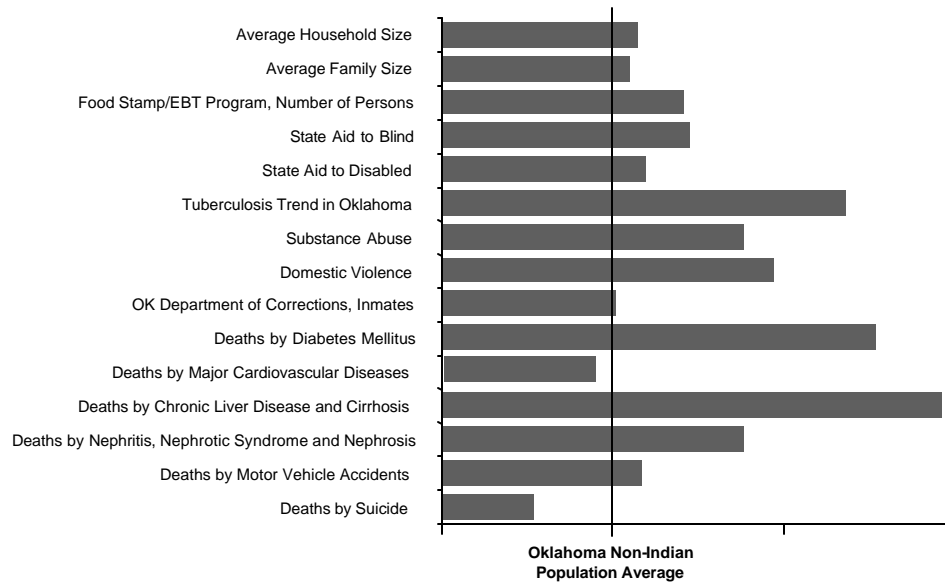
The legacy of past federal policies (removal policies and others) has been a litany of socioeconomic ills. As Figure 16, Figure 17, and Figure 18 demonstrate, American Indians in Oklahoma suffer substantially higher rates of social maladies and health problems. For example, the causes of death for American Indians in Oklahoma are more highly concentrated in categories associated with poverty (see Figure 16). Diabetes mellitus is a preventable form of diabetes whose onset is associated with dietary dependence on fatty commodity foods provided in federal assistance programs. This form of diabetes has reached epidemic proportions among Indians, and unfortunately represents both a symptom and a cause of socioeconomic decline for the individuals who suffer from it. Poverty contributes to its onset through bad diet and inactivity, and then patients who suffer from it may become further weakened through associated amputations, blindness, kidney failure (see Nephritis in Figure 16 and Figure 17), heart disease (see cardiovascular disease in Figure 16 and Figure 17),<sup>67</sup> and tuberculosis. Making matters worse, the cost of diabetes treatment per patient is almost four times the average cost of other health care and more than six times the average per capita expenditure of the Indian Health Service.<sup>68</sup> American Indians in Oklahoma are also more likely to die from liver disease and motor vehicle accidents, causes of death that are associated with the abuse of alcohol. And they are more likely to receive federal and state aid and more likely to have experienced substance abuse and domestic violence (see Figure 17).

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<sup>67</sup> While heart disease among Indians has not been as pronounced as it has been for non-Indians, heart attacks are becoming among the most common complications of diabetes in Indian communities. IHS National Diabetes Program, *Interim Report to Congress: Special Diabetes Program for Indians*, Indian Health Service, January 2000, at 55.

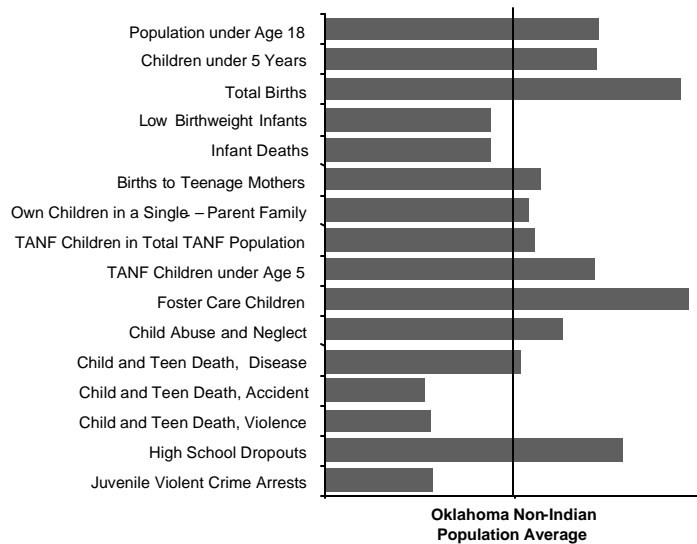
<sup>68</sup> *Ibid.*, at 10, 14, 15, 52, 54.

**Figure 17**  
**Indicators of American Indian Socioeconomic Health in Oklahoma**



Sources: GeoLytics, CensusCD 2000, Short Form Blocks (Brunswick, NJ: GeoLytics Inc., Jan. 7, 2002); Oklahoma Department of Human Services, Facts and Figures, FY2000 Annual Report, Table 19: Food Stamp/EBT Program, Monthly Average by County and Race/Ethnicity, FY 2000, [http://www.okdhs.org/ifinance/Annual\\_Report/FY00/t19.htm](http://www.okdhs.org/ifinance/Annual_Report/FY00/t19.htm), accessed 2/14/02; Oklahoma Department of Human Services, Facts and Figures, FY2000 Annual Report, Table 27: State Supplemental -- Aid to the Blind, Monthly Average by County and Race/Ethnicity, FY 2000, [http://www.okdhs.org/ifinance/Annual\\_Report/FY00/t27.htm](http://www.okdhs.org/ifinance/Annual_Report/FY00/t27.htm), accessed 2/28/02; Oklahoma Department of Human Services, Facts and Figures, FY2000 Annual Report, Table 28: State Supplemental -- Aid to the Disabled, Monthly Average by County and Race/Ethnicity, FY 2000, [http://www.okdhs.org/ifinance/Annual\\_Report/FY00/t28.htm](http://www.okdhs.org/ifinance/Annual_Report/FY00/t28.htm), accessed 2/28/02; Oklahoma State Department of Health, Tuberculosis Trends in Oklahoma 1996-2000, <http://www.health.state.ok.us/program/tb/trends.html>, accessed 2/5/02; Oklahoma Department of Mental Health and Substance Abuse Services, Fiscal Year 2000 Data Book, Section One: Admitted Clients Served by Contract Source, Table 1. Statewide Total Counts of Admitted Clients Served; Oklahoma Department of Corrections, Facts at a Glance: A Monthly snapshot of the Department's Population, Programs, Inmate Demographics and More, December 21, 2001; Center for Health Statistics Health Promotion and Policy Analysis, Oklahoma State Department of Health, Oklahoma Health Statistics 1998.

**Figure 18**  
**Indicators of the Socioeconomic Health of Oklahoma Indian Children**



Sources: GeoLytics, *CensusCD 2000, Short Form Blocks* (Brunswick, NJ: GeoLytics Inc., Jan. 7, 2002); Center for Health Statistics Health Promotion and Policy Analysis, Oklahoma State Department of Health, *Oklahoma Health Statistics 1998*; Oklahoma KIDS COUNT Partnership, *2001 Oklahoma KIDS COUNT Factbook* (Oklahoma Institute for Child Advocacy Inc., 2001); Oklahoma Department of Human Services, *Facts and Figures, FY2000 Annual Report, Table 35: TANF Persons, Monthly Average by County and Race/Ethnicity, FY 2000*, [http://www.okdhs.org/ifinance/Annual\\_Report/FY00/t35.htm](http://www.okdhs.org/ifinance/Annual_Report/FY00/t35.htm), accessed 2/14/02; Oklahoma Department of Human Services, *Facts and Figures, FY2000 Annual Report, Table 36: TANF Persons, Monthly Average by Age and Sex, FY 2000*, [http://www.okdhs.org/ifinance/Annual\\_Report/FY00/t36.htm](http://www.okdhs.org/ifinance/Annual_Report/FY00/t36.htm), accessed 2/14/02; Kickham, Kenneth, Robert Bentley, Nury Effendi, and Angela Harden, *Health and Well-Being in Oklahoma: A Long-Term Analysis of Welfare Reform* (Oklahoma Department of Human Services, Office of Planning and Policy Research, May 2000); Oklahoma Department of Human Services, *Facts and Figures, FY2000 Annual Report, Table 21: Foster Care Children, Monthly Average by County and Age, FY 2000*, [http://www.okdhs.org/ifinance/Annual\\_Report/FY00/t21.htm](http://www.okdhs.org/ifinance/Annual_Report/FY00/t21.htm), accessed 2/14/02; Oklahoma Department of Human Services, *Facts and Figures, FY2000 Annual Report, Table 22: Foster Care Children, Monthly Average by County and Race/Ethnicity, FY 2000*, [http://www.okdhs.org/ifinance/Annual\\_Report/FY00/t22.htm](http://www.okdhs.org/ifinance/Annual_Report/FY00/t22.htm), accessed 2/14/02.

These socioeconomic statistics are not simply a snapshot of current problems facing Indians. Many of today’s Indian challenges will create problems in the future as children are exposed to a host of risks that burden their social, mental, and physical development. Indian babies born to diabetic mothers, for example, are at risk for serious birth defects.<sup>69</sup> As Figure 18 demonstrates, the Indian youth population is a larger proportion of the total, more likely to be raised by younger single mothers, more likely to receive federal assistance (TANF), and more likely to suffer from abuse and neglect. Not surprisingly, Indian children are more likely to drop out of high school too.

These burdens on children create further problems for Indian communities in the future. Children born to teen mothers, for example, are more likely to have lifelong developmental problems, more likely to have problems in school, more likely to suffer from abuse and neglect, and more likely to have children as teens. Children not graduating from high school are more

<sup>69</sup> *Ibid.*, at 61.

likely to suffer poverty, low earning ability, and financial dependence. Similarly, high school dropouts are more likely to have children who drop out.<sup>70</sup>

Thus, American Indians in Oklahoma are not only relatively worse off along these dimensions, they are at risk of becoming more so. And unfortunately federal resources are not adequate to reverse this trend. With regard to health care coverage, for example, American Indians in Oklahoma fall behind other Indians in the United States, who are generally worse off than most Americans. Indian health care in Oklahoma is severely underfunded, even compared to the national Indian average. For example, in 2000 the IHS spent just 35% of the national average for yearly health care spending per person. For Indians in Oklahoma, that figure fell below 22% (see Figure 19).

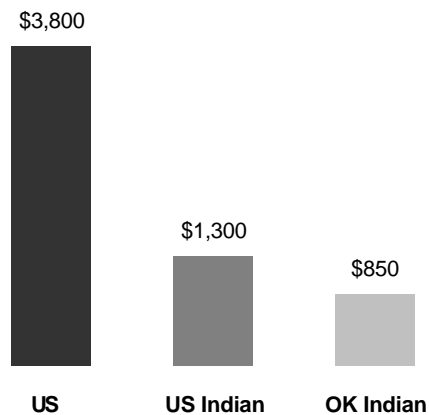
**Focus on a Tribe: Choctaw Health Care Center**

The Choctaw Nation, Oklahoma's second largest tribe, opened their first gaming enterprise in 1987 in Durant, and they have since built five more facilities in Southern Oklahoma. Gaming revenues are invested in tribal programs and social services as well as spent to assist local towns and communities. Perhaps the most significant governmental expenditure by the Choctaw Nation is its investment in health and healing.

In June of 1999, the Choctaw Nation became the first Indian tribe in the United States to build its own hospital. The \$28 million Choctaw Nation Health Care Center, located in Talihina, provides comprehensive health care services. The hospital features 37 hospital beds for inpatients and 52 exam rooms for outpatients. The Choctaw Nation also operates four health centers in other towns in the region. Together, these five facilities provide 3,734 services on a typical day. Gaming profits have also helped to fund the Hospitality House, which provides free lodging for relatives of recovering patients. New homes for hospital doctors are also partially funded by gaming revenue. Although the hospital is primarily for the use of Indians, it is a community-based hospital that fills a healthcare need for all residents in the area.

Source: Choctaw Nation.

**Figure 19**  
**Average Yearly Health Care Spending Per Capita**



Source: Indian Health Service, Associated Press.

Federal underfunding extends to non-health domains of Indian socioeconomic recovery as well. The Bureau of Indian Affairs (BIA) estimates current funding meets only one-third of

<sup>70</sup> Oklahoma KIDS COUNT Partnership, *2001 Oklahoma KIDS COUNT Factbook*, (Oklahoma Institute for Child Advocacy Inc., 2001), at 20, 23.

identified need.<sup>71</sup> In addition, a third-party analysis of the BIA finds that in addition to structural and managerial problems, the BIA suffers from inadequate personnel and resources.<sup>72</sup> Finally, federal government spending in Indian Country is in relative stasis, if not declining in real per capita terms.<sup>73</sup> One estimate of this “unmet need” is \$700 million nationally,<sup>74</sup> yet the figure only measures the difference in *annual* spending and not the amount needed to bring the quality of life in tribal communities up to par with that in US communities. Given the decades of sustained relative under-spending in Indian Country, the *stock* of such problems is larger than parity in the annual *flow* of resources could reasonably address.

## Resources for Social Investment

Against this backdrop of poor social health, tribal gaming has provided an engine for economic growth for many Indian nations in Oklahoma that has enabled a number of tribes to achieve dramatic improvement in a number of social services, including health care services provision. Additionally, tribal investment of gaming revenues is being targeted to improving social infrastructure like education and law enforcement that benefits tribal members and local communities alike.

Federal law mandates that tribal governments invest gaming profits in ways that improve tribal welfare.<sup>75</sup> As shown by Figure 20, Section 11 of the Indian Gaming Regulatory Act (IGRA) requires that net revenues from “any tribal gaming” be used for five primary purposes, each related to bettering the socioeconomic conditions of Indian communities. Consistent with the IGRA’s requirements, Indian nations in Oklahoma are investing gaming revenues in a variety of tribal programs (health, law enforcement, and education, to name a few) and in economic development activities (e.g., diversification). Indeed, Oklahoma’s Indian nations are using gaming revenues to fund social programs that have never been properly funded by the federal government (see Figure 21).

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<sup>71</sup> Bureau of Indian Affairs, *Report on Tribal Priority Allocations* (Department of the Interior, July 1999), at 58.

<sup>72</sup> “During FY 1996 federal downsizing, Congress, angry at what it saw as widespread incompetence, cut BIA’s appropriation far more than it did for most agencies. The resulting loss of staff further constrained BIA’s operations by eroding its administrative capability.” National Academy of Public Administration, *A Study of Management and Administration: The Bureau of Indian Affairs*, August 1999, at 12. “In conducting this study, the Academy panel and study team became aware that the Bureau does not have the capacity to perform basic federal functions of accounting, property management, human resources management, procurement, and information resource management efficiently and effectively, let alone to produce program analyses, to generate alternatives and facilitate reasoned choices among alternatives, and to link plans to outputs and outcomes.” *Ibid.*, at 77.

<sup>73</sup> The Congressional Research Service notes that, “Indian-related spending, corrected for inflation, has been going down in most areas during the FY1975-FY2000 period,” and that inflation-adjusted spending per capita in Indian Country has been falling since 1979 such that after 1985, Indian spending per capita was less than non-defense federal spending per capita. Walke, Roger, Specialist in American Indian Policy, Domestic Social Policy Division, Memorandum to Senate Committee on Indian Affairs, attn: Paul Moorehead, March 2, 1999 ([www.indian.senate.gov/106brfs/crs1.htm](http://www.indian.senate.gov/106brfs/crs1.htm)).

<sup>74</sup> Tribal Workgroup on Tribal Needs Assessments related to Bureau of Indian Affairs Tribal Priority Allocations (TPA), Final Tribal Report, “Empowerment of Tribal Governments,” May 1999, at 4-5.

<sup>75</sup> It should be noted that the IGRA in and of itself did not change the incentive of tribal governments to invest in their communities. Before the federal government passed legislation on Indian gaming, tribal governments utilized gaming revenues to invest in the social welfare of their respective communities.

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**Figure 20**  
**Federal Law Governs Tribal Gaming Profit Expenditure**

Under the IGRA, Indian governments must spend gaming revenue to:

- i. fund tribal government operations or programs;
- ii. provide for the general welfare of the Indian tribe and its members;
- iii. promote tribal economic development;
- iv. donate to charitable organizations; or
- v. help fund operations of local government agencies.

Source: 25 USC § 2710.

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**Figure 21**  
**Social Investments Made by Indian Nations in Oklahoma**

Early childhood and day care services	Health care programs and facilities
Education and school facilities	Storm shelters
Scholarships	Housing repairs
School supplies	Church renovations
School clothes	Emergency assistance
Language training	Fire department services
Employment training	Tribal legal systems/tribal courts
Head Start	Law enforcement
Gymnasium, health and wellness center	Land purchase
Athletic shoes	Mortgage assistance
Health care equipment (defibrillator, dialysis equipment)	Social services and elderly programs

Source: Survey of Oklahoma Indian Nations.

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Thus, revenues from tribal gaming operations are an important supplement to most tribal budgets. As recognized by the legislative history of the IGRA, gaming revenue can often mean the difference between “an adequate [tribal] governmental program and a skeletal program that is totally dependent on Federal funding.”<sup>76</sup> Even before the IGRA was passed, the federal government found that “bingo revenues have enabled tribes, like lotteries and other games have done for State and local governments, to provide a wider range of government services to tribal citizens and reservation residents than would otherwise have been possible.”<sup>77</sup>

For many tribes in Oklahoma, gaming revenues represent a significant portion of the tribal government’s budget. The Seneca-Cayuga Tribe uses gaming revenues to purchase school clothes and athletic shoes for the kids, sponsor education programs, and provide upkeep for the

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<sup>76</sup> Senate Committee on Indian Affairs, Senate Report 100-446, at 3.

<sup>77</sup> *Ibid.*, at 2.

tribe's ceremonial grounds.<sup>78</sup> The Muscogee (Creek) Nation invests in a higher education fund, culture and language preservation, vocational education, and a Head Start program.<sup>79</sup>

### *Health Care*

The bleak picture of health status and health care in Indian Country, particularly in Oklahoma, signals a severe need for additional funds. Because the federal government has not and currently is not sufficiently funding tribal programs, tribal governments in Oklahoma are using gaming revenues to supplement their health care budgets and provide desperately needed services. Often, these services benefit both Indians and non-Indians in the community.

#### **Focus on a Tribe:**

Gaming revenues not only provide much-needed capital for tribal programs; they also allow tribes to leverage additional monies through the attraction of matching funds for many federal programs, including health programs. After years of struggling, gaming revenues are generating an economic ripple effect for Oklahoma's Indian nations. In the words of Principal Chief Beaver, "A lot of our grants are matching funds. It seems obvious that in order to receive matching funds, you've got to have the money to match."

Source: Principal Chief Perry Beaver.

A number of Indian nations in Oklahoma have invested their gaming revenues in health care services and facilities. For example, the Muscogee (Creek) Nation heavily invests gaming revenues into its Health Administration Division, which is responsible for delivery of tribal health care services and the administration of the tribe's hospital and clinics. Revenues from gaming have provided seed money for a number of important facilities and equipment, including the Creek Nation Community Hospital, three ambulatory out-patient clinics, a dental clinic, and an eye clinic.<sup>80</sup> The Muscogee (Creek) Nation also funds its Community Health Service Program with gaming revenues. This program provides assistance to eligible individuals in gaining access to Indian Health Service programs and through referral to private physicians and facilities. It also operates vision programs for children and elders. For example, the tribal eyeglass program serves an average of 400-500 people per year and would not exist without gaming revenue.<sup>81</sup>

The Cherokee Nation Rural Health Care Network includes two Indian Health Service hospitals and six out-patient care clinics. These facilities offer a range of services including acute and urgent care, behavioral health, public health nursing, dental, vision care, nutrition, EMS, and disease prevention. Together, these health care centers provide care to 108,000 individuals.<sup>82</sup>

### *Law Enforcement*

Law enforcement, by contributing to the provision of public safety, stands as one of the most important governmental functions. Without adequately funded law enforcement programs, tribal governments are not able to provide a service essential for the creation of a well-functioning society. According to a recent federal report, "today, many Indian citizens receive police, investigative, and detention services that are not only inadequate, but also suffer by

<sup>78</sup> Grace Lockyer, General Manager, Seneca-Cayuga Bingo, personal communication, October 30, 2001.

<sup>79</sup> Principal Chief Perry Beaver, Muscogee (Creek) Nation, personal communication, January 8, 2002; National Indian Gaming Association, case study materials.

<sup>80</sup> *Ibid.*

<sup>81</sup> *Ibid.*

<sup>82</sup> Report: "What the Cherokee Nation means to the State of Oklahoma." Cheryl Glass.

comparison to this country's poorest jurisdictions."<sup>83</sup> Experts agree that there are fewer than half as many law enforcement officers per capita in Indian Country as there are elsewhere in the United States.<sup>84</sup>

Law enforcement needs in Indian Country become even more urgent in the context of dramatically high crime among American Indians. According to the Bureau of Justice Statistics, "The rate of violent victimization estimated from responses by American Indians is well above that of other US racial or ethnic subgroups and is more than twice as high as the national average."<sup>85</sup> The average annual number of violent victimizations per 1,000 persons 12 or older is 50 per 1,000 persons. The rate for American Indians is 124 violent crimes per 1,000 American Indians, more than twice the rate for the Nation.<sup>86</sup>

Because the need for additional law enforcement capability is so acute, Indian nations in Oklahoma are investing gaming revenues to fill the gap left by federal underfunding. For example, the Citizen Potawatomi Nation (CPN) has 11,273 Indians residing in its service area.<sup>87</sup> In addition to serving the tribal population, the Citizen Potawatomi Nation provides law enforcement assistance to a range of local police and sheriff departments. In 2000, tribal police assisted local law enforcement with 569 calls. The majority of the assisted calls, 313, were to the Potawatomi County Sheriff Department, with 71 to the Tecumseh Police Department, 68 to the

### Focus on a Tribe: Potawatomi Economic Diversification

The Indian Gaming Regulatory Act (IGRA) encourages tribal economic diversification. The Citizen Potawatomi Nation (CPN) has become one of the most entrepreneurial Indian nations in the United States. The nation's use of gaming funds as a tool for economic diversification has transformed the CPN in a relatively short time. Thirty years ago, the CPN's only assets were a two-acre land holding and a bank account of \$550. In just three decades, this small base has grown to include 2,000 acres of land and assets worth more than \$65 million.

The CPN has become a model of IGRA's diversification goals. In 1988, gaming profits supported by a BIA loan allowed the CPN to become one of the country's pioneers in tribal banking when they bought what is now the First National Bank in Shawnee. The \$1.3 million loan used for the purchase was repaid in less than three years, and today the bank has assets in excess of \$60 million and annual profits of approximately \$1 million.

Today, the CPN has enterprises in a number of different industries ranging from a golf course to an Internet company, and from the recently opened Firelake Discount Food Center to a commercial farm. Taken together, the 608 jobs generated by the CPN's enterprises make the nation the second largest employer in the city of Shawnee. It has never been the goal of the Nation to rely exclusively on gaming funds. According to Tribal Chairman John A. "Rocky" Barrett, "Gaming is half our net revenue. Next year it will be less as our other businesses grow...I see new gaming revenues primarily as investment capital to put into...things that integrate us into the community. We want self-sufficiency. Gaming has allowed this."

Source: Chairman John A. "Rocky" Barrett.

<sup>83</sup> *Report of the Executive Committee for Indian Country Law Enforcement Improvements. Final Report to the Attorney General and the Secretary of the Interior*, October 1997, at 9.

<sup>84</sup> The ratio of police officers to residents in Indian Country is 1.3 per 1,000. Meanwhile, the FBI's Uniform Crime Reports statistics show that there is a ratio of 2.9 officers per 1,000 in non-Indian communities under 10,000 population. *Report of the Executive Committee for Indian Country Law Enforcement Improvements, op. cit.*, at 7, 10. See also Wakeling, Stewart, Miriam Jorgensen, *et al.*, *Policing on American Indian Reservations: A Report to the National Institute of Justice*, January 25, 2001, at 40.

<sup>85</sup> Greenfeld, Lawrence, and Steven Smith, *American Indians and Crime*, Bureau of Justice Statistics, February 1999, at iii.

<sup>86</sup> *Ibid.*, at 1.

<sup>87</sup> "Citizen Potawatomi Nation: Statement of Local Contribution to the City of Shawnee and City of Tecumseh in Pottawatomie County and the State of Oklahoma. Prepared by the Office of Self-Governance, May 22, 2001.

Oklahoma Highway Patrol, and 58 to the Shawnee Police Department.<sup>88</sup>

### *Education*

Due to federal laws, treaties and court decisions, the education of Indian children is viewed as a federal responsibility.<sup>89</sup> One of the more recent declarations of the United States Congress's policy towards Indians appears in Section 3 of P.L. 93-638, The Indian Self-Determination and Education Assistance Act of 1975, which states:

Congress declares that a major goal of the United States is to provide the quantity and quality of educational services and opportunities which will permit Indian children to compete and excel in the life areas of their choice...

In spite of the federal government's obligations, its appropriations have consistently failed to meet the educational needs of Indian communities. For example, the Congressional Research Service reports "the US Department of Education budget has averaged \$26.1 billion in constant 1997 dollars during FY 1975-FY 2001 and has grown at a rate of \$563.2 million a year with little annual variation (an increase of approximately 2.5% per year). In contrast, Office of Indian Education (OIE) programs in the Department of Education, which averaged \$95.8 million a year in constant dollars, declined \$2.5 million a year over the same period (a decrease of approximately 2.5% per year).<sup>90</sup> This lack of federal funding translates into less money per individual student (see Figure 22).

While the federal government has a policy of supporting American Indian education, it has never adequately funded education programs in Indian Country. Therefore, Indian nations in Oklahoma are making up for federal funding shortfalls by investing gaming revenue into education programs ranging from scholarships to training to culture and history courses. For example, the Choctaw Nation has invested \$7.5 million of gaming revenues into scholarships alone.<sup>91</sup> In addition to scholarships, the Choctaw Nation funds a Choctaw language program, a cultural learning center, and student activities. The Absentee Shawnee Tribe has an education allowance, paid for with gaming funds.<sup>92</sup> The Citizen Potawatomi Nation funds higher education scholarships and college housing stipends with gaming funds.<sup>93</sup> The Muscogee (Creek) Nation administers education and employment training service programs for the tribe through its Human Development Division. This Division receives significant funding from gaming revenues and is responsible for administering the Higher Education Fund, Culture and Language preservation program, Vocational Education, and Head Start Program.<sup>94</sup>

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<sup>88</sup> Ibid.

<sup>89</sup> For more information, see "Fingertip Facts," Bureau of Indian Affairs, Office of Indian Education Programs, [www.doi.gov](http://www.doi.gov).

<sup>90</sup> "Memorandum on Indian-Related Federal Spending Trends, FY 1975-FY 2001," Congressional Research Service, March 1, 2000, at 5.

<sup>91</sup> "Choctaw Nation of Oklahoma: Partners in Success with Oklahoma's Communities," at 2.

<sup>92</sup> Mickey Burke, General Manager, Thunderbird Entertainment Center, personal communication November 27, 2001.

<sup>93</sup> *Citizen Potawatomi Nation: Statement of Local Contribution to the City of Shawnee and City of Tecumseh in Pottawatomie County and the State of Oklahoma*, prepared by the Office of Self-Governance, May 22, 2001.

<sup>94</sup> Principal Chief Perry Beaver, Muscogee (Creek) Nation, personal communication, January 8, 2002.

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**Figure 22**  
**Disparities in Federal Educational Aid**

	<b>Federal Aid Received per Student</b>
White, non-Hispanic	\$3,436
Black, non-Hispanic	\$3,166
American Indian / Alaskan Native	\$2,459

Source: Digest of Education Statistics, 2000. Chapter 3, Postsecondary Education. Table 318: Average amount of financial aid awarded in 1995-96 per student, by type and source of aid and selected student characteristics.

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### *Other Government Activities*

Finally, tribal governments in Oklahoma have used gaming revenues to create new institutions. The Miami Tribe has started a Business Development Authority to coordinate and develop new tribal businesses ranging from a T-shirt shop to an electronic gaming machine company. The Cherokee Nation's business arm, Cherokee Nation Enterprises, develops and operates a number of businesses that generate monthly dividends to the tribe for its general fund. The Citizen Potawatomi Nation has recently reformed its government by separating business and governmental functions to encourage outside investors. In addition, tribal governments have become more active in state- and national-level institutions, such as trade associations and other professional groups, that, prior to gaming, were either unavailable or unnecessary. This wide range of new governmental activity represents a level of civic health that will undoubtedly support ongoing economic development efforts in Oklahoma.

### **Conclusion**

While the positive social impacts of tribal gaming are sometimes difficult to measure quantitatively, it is clear that tribal gaming has allowed Indian nations in Oklahoma to improve tribal services, thus providing tribal members with a quality of life that may be approaching that of other Oklahomans and other Americans. Consistent with the intent of the IGRA, tribal governments in Oklahoma are translating gaming employment and revenue into significant positive social change by investing in social and physical infrastructures and governmental reform, thus producing striking improvements in the quality of life for American Indians and their neighbors. While the legacy of Indian poverty will not be easily erased in Oklahoma, the economic and social benefits of tribal gaming are diverse and substantial. Self-determination—and the ways that Indian nations in Oklahoma have used it—constitutes a public policy success. Tribal gaming in Oklahoma represents a striking example of that success.

### **Focus on a Tribe: Cherokee History Education**

The Cherokee Nation first offered gaming in 1990 when it opened a bingo facility, in Roland. Since then, the Nation has opened two more facilities. While the Cherokee Nation invests its gaming revenues in business diversification and social programs as many other tribes do, they also invest heavily in educational programs. Recently, the Cherokee Nation has invested in developing and teaching an intensive Cherokee history course.

The Cherokee Nation History Course is a 40-hour, college-level course offered to the 1,800 tribal employees of the Cherokee Nation, to non-Indian communities in northeastern Oklahoma and to outlying Cherokee communities elsewhere. Developed over the course of 11 years by Principal Chief Chad Smith, the course emphasizes the legal and political relationship of the Cherokee nation and the United States and explores Cherokee history, including cultural identity and adaptation. According to Smith, "the [Cherokee Nation history] course was developed to foster a stronger sense of nationalism, patriotism, and self-directed governance among the Cherokee employees and citizenry. It assists the individual in shifting from an identity as a member of an ethnic minority group...to an identity as a citizen of a sovereign nation." The course has been incorporated into an overall program of employee development, and over 1,087 Cherokee Nation employees and community members have completed the 40-hour course.

Source: Julia Coates, Staff Development Officer, Cherokee Nation.

## V. OTHER SOCIAL CONSIDERATIONS

Because the question is beyond the scope of this report, the foregoing analysis held aside an assessment of what influence tribal gaming might have on the rate of problem and pathological gambling in Oklahoma. This section provides an overview of existing research on this subject so that such an assessment can be factored into the analysis of tribal gaming's costs and benefits.

### Existing Research on Pathological and Problem Gambling

The layman's intuition of problem and pathological gambling holds that as the availability of gambling increases, the incidence of problem and pathological gambling will increase. As appealing and simple as this intuition may be, the research by neutral academic observers calls into question whether it is supported by the facts. At the broadest level, data from two national commission studies show that while wagering revenues increased 1600% and the share of personal gambling expenditure doubled over the last 25 years, there was no appreciable change in the national lifetime gambling pathology rate of about 1%.<sup>95</sup> Other studies have corroborated this finding as well:

...in light of the large extent to which gambling has been legalized in America over the past few decades, the failure to find an obvious pattern of increasing prevalence of pathological gambling should raise serious doubts about just how likely the disorder is to be triggered by increasing opportunities to gamble.<sup>96</sup>

Much of this pathological and problem gambling literature has focused on surveying the public and using those surveys to estimate prevalence rates and social costs.<sup>97</sup> Because of the challenges presented by those methods, recently social science research has turned to statistical techniques to determine if gambling creates social problems as evidenced in data on socioeconomic conditions. Rather than create estimates from the bottom-up, these studies take a "top-down" look at communities near gambling establishments to determine if they exhibit any systematic difference from their counterparts not near casinos. A rigorous statistical examination chartered by the National Gambling Impact Study Commission (NGISC), for example, examined data on 32 indicators of socioeconomic health for 100 communities over 16 years. It showed substantial gains and no harm when comparing communities before and after gaming and when

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<sup>95</sup> Gerstein, *et al.*, *Gambling Impact and Behavior Study: Report to the National Gambling Impact Study Commission*, National Opinion Research Center (NORC) (University of Chicago, April 1, 1999), at 3, 25; Committee on the Social and Economic Impact of Pathological Gambling [and] Committee on Law and Justice, Commission on Behavioral and Social Sciences and Education, National Research Council, *Pathological Gambling: A Critical Review* (Washington, DC: National Academy Press, 1999), at Exec-3.

<sup>96</sup> Public Sector Gaming Study Commission, *Gambling Policy and the Role of the State: An Assessment of America's Gambling Industry and the Rights and Responsibilities of State Governments*, Final Report of the Public Sector Gaming Study Commission (Tallahassee, FL: Florida Institute of Government, Florida State University), March 2000, at 48. Also see, e.g., Abbott, Max Wenden, Maynard Michael Williams, and Rachel Ann Volberg, *Seven Years On: A follow-up study of frequent and problem gamblers living in the community, Report number two of the New Zealand Gambling Survey* (Wellington, NZ: The Department of Internal Affairs, December 1999), at 7, 86.

<sup>97</sup> See, e.g., Gerstein, *et al.*, *op. cit.*

comparing communities that witnessed casino introductions with those that did not. Relative to their control group, communities within 50 miles of a casino introduction experienced:

- a 12% decline in unemployment (roughly a one point decline in the rate);
- a 13% decline in income derived from income maintenance programs;
- a 17% decline in income derived from unemployment insurance programs;
- a 3% decline in income derived from other transfer payment programs; and
- no decline in total per capita income despite declines in income derived from welfare programs.<sup>98</sup>

A further examination of these 100 non-Indian communities determined that those proximate to Indian casinos were worse off economically prior to the construction of casinos, and witnessed more substantial gains from casino introductions:

- non-Indian communities proximate to Indian casinos narrowed the income gap—total incomes rose;
- nonetheless, reductions in income from welfare programs were even more pronounced;
- no increases in social ills (e.g., bankruptcy) were identified; and
- decreases in some crimes were identified.<sup>99</sup>

If the lay intuition on pathological gambling does not square with the facts, what explains the foregoing research results?

It seems that while more Americans have been exposed to gambling, they gamble no more than they used to. Between the national commission reviews—1975 and 1998—the proportion of Americans who had gambled at least once in their lives jumped from 68% to 86%. However, the number of those surveyed who had gambled in the last year only increased from 61% to 63%, in spite of increased availability of gambling opportunities. Together these findings suggest that while people are experimenting with gambling, this experimentation has not turned people into habitual or problem gamblers.<sup>100</sup> Others have suggested that the availability of gambling has little or no impact on problem or pathological gambling prevalence rates because the origins of gambling addiction are tangled with other addictive behaviors unrelated to gaming.<sup>101</sup>

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<sup>98</sup> There was also some shifting of incomes in sectors (hotel income rose while restaurant and bar income declined). Gerstein, *et al.*, *op. cit.*, at 70-71.

<sup>99</sup> Taylor, Jonathan B., Matthew B. Krepps, and Patrick Wang, “The National Evidence on the Socioeconomic Impacts of American Indian Gaming on Non-Indian Communities,” forthcoming in the *American Behavioral Scientist* special issue on American Indian Gaming, at 2-27.

<sup>100</sup> Public Sector Gaming Study, at 44, citing Commission on the Review of the National Policy Toward Gambling, *Gambling in America* (Washington, DC: 1976); and Gerstein, *et al.*, *op. cit.*

<sup>101</sup> Pathological Gambling: A Critical Review, National Research Council for the National Gambling Impact Study Commission, April, 1999. Howard Shaffer, *et al.* Estimating the Prevalence of Disordered Gambling Behavior in the United States and Canada: A Meta-Analysis. Harvard Medical School, Division on Addictions, December 1997.

As for why “top-down” assessments of socioeconomic variables do not show any worsening of socioeconomic indicators associated with gaming introductions, it could be that the effects are too small to be distinguished or that social gains cancel out the losses.<sup>102</sup> This latter possibility may be particularly true for Indian gambling facilities located in lower income regions: the attraction of new economic activity and the employment of welfare recipients, for example, would be expected to reduce crime, suicide rates, and other social pathology.<sup>103</sup>

### **Implications for Oklahoma Tribal Gaming Impacts**

Collecting direct evidence on the rate of change in pathological gambling in Oklahoma attributable to the introduction of tribal gaming facilities is beyond the scope of this report. However, we have no reason to believe that Oklahoma populations behave any differently from those in the US or other studied countries. In other words, we do not expect that the advent of tribal gaming precipitated a substantial net increase in the prevalence of problem gambling in Oklahoma and therefore in the social costs of gaming. Moreover, given the substantial likelihood of a *reduction* in social pathology due to new economic activity in the state and major changes in social investment by tribal governments, tribal gaming is in all likelihood a net social good for the state. This is not to say that gambling is without cost or that the consequences suffered by problem and pathological gamblers, their families, and their communities are insubstantial to those who bear them. Nonetheless, our task here is an assessment of gaming’s overall impact, and the evidence indicates tribal gaming is a net socioeconomic benefit to the state.

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<sup>102</sup> See, e.g., Gerstein, *et al.*, *op. cit.*, at 70.

<sup>103</sup> See, e.g. Nelson, Dennis J., Howard L. Erickson, and Robert J. Langan, *Indian Gaming and its Impact on Law Enforcement in Wisconsin* (API Consulting Services, 1996); and Taylor, *et al.*, *op. cit.*

Appendix A  
CHARACTERISTICS OF OKLAHOMA TRIBAL GAMING FACILITIES

# Appendix A: Characteristics of Oklahoma Indian Gaming Facilities

As of 12/31/01

	Nation / Tribe	Casino Name	City	Opening Year	Electronic Gaming Machines	Bingo Seats	OTB	Tournament Blackjack Tables	Alcohol Allowed on Premises
1	Absentee Shawnee	ThunderBird Entertainment Center	Norman	1987	275	1,200	✓	4	✓
2	Cherokee	Cherokee Casino (Catoosa)	Catoosa	1993	502	779		7	
3	Cherokee	Cherokee Casino (West Siloam Springs)	West Siloam Springs	1994	420	400		4	N / A
4	Cherokee	Cherokee Nation Bingo (Roland)	Roland	1990	280	1,100			N / A
5	Cheyenne Arapaho	Cheyenne and Arapaho Bingo	Clinton	N / A	N / A	N / A	N / A	N / A	N / A
6	Cheyenne Arapaho	Lucky Star Casino	Concho	N / A	520	1,000			N / A
7	Chickasaw	Ada Gaming Center	Ada	1994	117	200	✓		
8	Chickasaw	Ardmore Gaming Center	Ardmore	1999	51	-			
9	Chickasaw	Davis Gaming Center	Davis	1999	78	-			
10	Chickasaw	Goldsby Gaming Center	Norman	1994	173	378	✓		
11	Chickasaw	Goldsby Travel Plaza	Norman	1998	50	-			
12	Chickasaw	Madill Gaming Center	Madill	1999	17	-			
13	Chickasaw	Marlow Gaming Center	Marlow	1999	51	-			
14	Chickasaw	Newcastle Gaming Center	Newcastle	2000	495	-	✓		
15	Chickasaw	Sulphur Gaming Center and Chickasaw Lodge	Sulphur	1996	48	125			
16	Chickasaw	Thackerville Travel Plaza	Thackerville	2001	34	-			
17	Chickasaw	Touso Ishto Gaming Center	Thackerville	1994	179	750	✓		
18	Chickasaw	Wilson Travel Plaza	Wilson	2001	60	-			
19	Choctaw	Choctaw Gaming Center (Hugo)	Hugo	1997	21	-			
20	Choctaw	Choctaw Gaming Center (Idabel)	Idabel	1995	98	250	✓		
21	Choctaw	Choctaw Gaming Center (McAlester)	McAlester	2000	201	300	✓		
22	Choctaw	Choctaw Gaming Center (Pocola)	Pocola	1993	293	300			
23	Choctaw	Choctaw Gaming Center (Stringtown)	Stringtown	2000	85	-			
24	Choctaw	Choctaw Gaming Center / Hotel (Durant)	Durant	1988	230	1,000	✓		
25	Citizen Potawatomi	Fire Lake Entertainment Center	Shawnee	1985	150	600	✓		✓
26	Comanche	Comanche Nation Games	Lawton	1983	300	500	✓	4	✓
27	Comanche	Comanche Red River Casino	Randlett	2000	100	-			✓
28	Comanche	Walters Smoke Shop	Walters	1999	30	-			N / A
29	Muscogee Creek	Bristow Indian Bingo	Bristow	1985	30	250			
30	Muscogee Creek	Checota Indian Community Bingo	Checotah	1988	54	300			
31	Muscogee Creek	Creek Nation Muscogee Bingo	Muskogee	1984	250	900			
32	Muscogee Creek	Creek Nation Okmulgee Bingo	Okmulgee	N / A	-	800			
33	Muscogee Creek	Creek Nation Tulsa Bingo	Tulsa	1984	620	1,000		7	
34	Muscogee Creek	Eufaula Indian Community Bingo	Eufaula	1987	29	260			
35	Muscogee Creek	Thlopthlocco Tribal Town Gaming	Okemah	N / A	200	200			
36	Delaware	Gold River Casino	Anadarko	1997	100	300			
37	Eastern Shawnee	Border Town Bingo	East Seneca	1987	220	600			
38	Fort Sill Apache	Fort Sill Apache Casino	Lawton	1999	277	-			N / A
39	Iowa Tribe	Cimarron Bingo Casino	Perkins	1987	100	300	✓		N / A
40	Kaw / Kanza	Kaw Nation Bingo	Newkirk	N / A	59	450			N / A

## Appendix A: Characteristics of Oklahoma Indian Gaming Facilities

As of 12/31/01

	Nation / Tribe	Casino Name	City	Opening Year	Electronic Gaming Machines	Bingo Seats	OTB	Tournament Blackjack Tables	Alcohol Allowed on Premises
41	Keetoowah band of Cherokee	Keetoowah Bingo	Tahlequah	1986	153	160		4	N / A
42	Kickapoo	Kickapoo Casino	McCloud	2001	150	-		6	N / A
43	Miami	Miami Tribe Entertainment	Miami	1998	30	-			
44	Miami / Modoc	Stables	Miami	1999	205	503	✓		✓
45	Osage Tribe	Pawhuska Facility	Pawhuska	2000	45	-			
46	Osage Tribe	Hominy Facility	Hominy	2001	135	-		4	
47	Otoe Missouriia	7 Clans Casino	Red Rock	2000	150	300	✓	3	N / A
48	Ponca Tribe	Ponca Tribal Bingo	Ponca City	1979	200	600		3	
49	Quapaw	Quapaw Casino	Miami	2000	225	350		10	N / A
50	Seminole Nation	Rivermist	Konawa	2001	198	-	✓	5	
51	Seminole Nation	I 40 Seminole Casino	Seminole	1991	242	-		8	
52	Seminole Nation	Seminole Nation Bingo	Seminole	1996	60	175			
53	Seminole Nation	Wewoka Gaming Center	Wewoka	1999	64	-			
54	Seneca Cayuga	Seneca Cayuga Bingo	Grove	1993	400	1,300			
55	Tonkawa Tribe	Tonkawa Tribal Bingo	Tonkawa	N / A	50	300	✓	2	N / A
<b>TOTAL</b>					<b>9,104</b>	<b>17,930</b>	<b>15</b>	<b>71</b>	<b>4</b>

Appendix B  
 DEPLOYED GAMING CAPACITY AND TRIBAL ENROLLMENT

<b>Tribe</b>	<b>Gaming Machines</b>	<b>Bingo Seats</b>	<b>Tribal Enrollment</b>
Chickasaw Nation	1,353	1,453	38,500
Cherokee Nation	1,202	2,279	222,615
Muscogee (Creek) Nation	1,183	3,710	51,152
Choctaw Nation	928	1,850	128,258
Seminole Nation	564	175	13,283
Cheyenne-Arapaho Tribes	520	1,000	11,561
Comanche Nation	430	500	9,500
Seneca-Cayuga Tribes	400	1,300	3,715
Ft. Sill Apache Tribe	277		486
Absentee Shawnee Tribe	275	1,200	2,912
Miami Nation / Modoc Tribe	235	503	2,530
Quapaw Tribe	225	350	2,700
Eastern Shawnee Tribe	220	600	2,101
Ponca Nation	200	600	2,542
Osage Tribe	180		15,760
United Keetoowah Band of Cherokees	153	160	6,775
Citizen Potawatomi Nation	150	600	25,495
Kickapoo Tribe	150		2,500
Otoe-Missouria Tribe	150	300	1,485
Delaware Nation	100	300	1,304
Iowa Tribe	100	300	480
Kaw Nation	59	450	2,553
Tonkawa Tribe	50	300	393
<b>TOTAL</b>	<b>9,104</b>	<b>17,930</b>	<b>548,600</b>

## Appendix C IMPACT ESTIMATION METHODS

### **Survey and Data Collection**

A survey was created and distributed to all twenty-four tribes in Oklahoma operating gaming facilities. The survey aimed at collecting a broad range of data concerning both tribal gaming and the tribal government operations. It included questions regarding both financial and social policy matters. The survey responses were augmented and verified by three, weeklong site visits, and follow-up phone calls. Thirteen tribes, accounting for 78% of the electronic gaming machine capacity and 79% of the bingo capacity, responded to the survey.

### **Estimation of Missing Values**

To estimate missing observations for gaming revenue a log-log regression was run using the number of electronic gaming machines and bingo seat capacity as the independent variables, and revenue as the dependent. Data from 24 of the 55 facilities (accounting for 47% of the electronic gaming machine capacity and 47% of the bingo seat capacity) was relied upon, producing an adjusted R-square of over 0.75. A similar process was used to estimate missing vendor outlay and payroll dollars, and casino employment. All three regressions produced adjusted R-squares of 0.74 or higher. To allocate the vendor outlay dollars to particular sectors of the economy for the model, averages were calculated using detailed data from 7 facilities. No significant variation in relative vendor outlay spending allocation was found across these facilities.

### **Regional Definitions for Economic Modeling**

For the purposes of economic modeling, 5 regions (comprised of groups of counties) were created. Counties that contained at least one tribal gaming facility were divided into three regions: Rural Border, Rural Non-border, and Urban (there were no Urban Border counties). The rural/urban county distinction is based on an analysis of population density and Metropolitan Statistical Areas.<sup>104</sup> A county was included in the Border region if it contains a casino that is within 50 miles of the state border as the crow flies. All five regions in total include all counties in Oklahoma.

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<sup>104</sup> MSAs are areas of urban concentration defined by the US Office of Management and Budget and used commonly in publishing census and other government data.

Appendix D  
IGRA'S TRIBAL-STATE COMPACTING PROCESS

- 1) If a tribe is interested in operating Class III gaming, they may initiate a compacting process by requesting the State to enter negotiations.<sup>105</sup>
- 2) When the state receives the request, they are obliged to negotiate “in good faith” [with the Indian tribe] to enter into such a compact.”<sup>106</sup>
- 3) If the State fails to negotiate in good faith,<sup>107</sup> the Tribe may file a civil suit against the State in federal district court.<sup>108</sup>
- 4) If the court finds that the State has failed to negotiate in good faith, it must order the State and the Tribe to conclude a compact within 60 days.<sup>109</sup>
- 5) “If a State and an Indian tribe fail to conclude a Tribal-State compact governing the conduct of gaming activities within the 60 day period...the Indian tribe and the State shall each submit to a mediator appointed by the court a proposed compact that represents their last best offer for a compact.”<sup>110</sup>
- 6) “The mediator shall select from the two proposed compacts the one which best comports with the terms of this Act and any other applicable Federal law.”<sup>111</sup>
- 7) If the State consents to the proposed compact, it is treated as a Tribal-State compact.<sup>112</sup>
- 8) If the State does not consent, the Secretary of the Interior shall prescribe procedures which are consistent with the proposed compact selected by the mediator, and the Class III gaming may be conducted on the Indian lands over which the Indian Tribe has jurisdiction.<sup>113</sup>

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<sup>105</sup> 25 USC 2710 (d)(3)(A).

<sup>106</sup> *Ibid.*

<sup>107</sup> It is important to remember that tribe-state compacts merely regulate what is assumed to be legal gambling for tribes. The IGRA's good faith clause was inserted to ensure that states cannot use a refusal to *regulate* as a refusal to legitimize for Indians what is already legal for somebody else.

<sup>108</sup> 25 USC 2710 (d)(7)(A)(1). The 1996 US Supreme Court decision in *Seminole* found that states can raise their sovereign immunity under the 11<sup>th</sup> Amendment and refuse to be sued by a tribe for bad faith.

<sup>109</sup> 25 USC 2710 (d)(7)(B)(iv).

<sup>110</sup> 25 USC 2710 (d)(7)(B)(iii).

<sup>111</sup> *Ibid.*

<sup>112</sup> 25 USC 2710 (d)(7)(B)(vi).

<sup>113</sup> 25 USC 2710 (d)(7)(B)(vii).

## Appendix E RESOURCES

### Oklahoma Resources

State of Oklahoma Home page:  
Website: <http://www.state.ok.us>

Oklahoma Indian Affairs Commission  
4545 N. Lincoln Blvd. Suite 282  
Oklahoma City, OK 73105  
Phone: (405) 521-3828  
Fax: (405) 522-4427  
Website: [www.state.ok.us/~oica](http://www.state.ok.us/~oica)

Oklahomans for Indian Opportunity  
3001 S. Berry Rd. Suite B  
Norman, OK 73072  
Phone: (405) 329-3737  
Fax: (405) 329-8488  
Website: [www.oioio.com](http://www.oioio.com)

Oklahoma Indian Gaming Association  
1038 N. Sycamore Rd.  
Norman, OK 73071-9144  
Phone: (405) 366-8434  
Fax: (405) 388-8299

Oklahoma Indian Legal Services  
5900 Mosteller Drive, Suite 610  
Oklahoma City, OK 73112  
Phone: (405) 840-5255  
(800) 658-7060  
Fax: (405) 840-7060

American Indian Chamber of Commerce of Oklahoma  
Chamber of Commerce Building  
616 S. Boston Ave, Ste. 304  
Tulsa, OK 74119  
Phone: (918) 592-1113  
Fax: (918) 592-9047

Bureau of Indian Affairs Eastern Region  
101 North 5<sup>th</sup> Street  
Muscookee, OK 74401-6206  
Phone: (918) 687-2296  
Fax: (918) 687-2571

Bureau of Indian Affairs Southern Plains Region  
P.O. Box 368  
Anadarko, OK 73005  
Phone: (405) 247-6637  
Fax: (405) 247-2242

### National Resources

National Indian Gaming Association  
224 2<sup>nd</sup> Street, SE  
Washington, DC 20003

Phone: (202) 546-7711  
Fax: (202) 546-1755  
Website: [www.indiangaming.org](http://www.indiangaming.org)

National Indian Gaming Commission  
1441 L Street, NW  
Washington, DC  
Phone: (202) 632-7003  
Fax: (202) 632-7066  
Website: [www.nigc.gov](http://www.nigc.gov)

National Congress of American Indians  
1301 Connecticut Avenue, NW Ste. 200  
Washington, DC 20036  
Phone: (202) 466-7767  
Fax: (202) 466-7797  
Website: [www.ncai.org](http://www.ncai.org)

Senate Committee on Indian Affairs  
Pat Zell  
Majority Staff Director  
Senate Hart Bldg. Suite 838  
Washington DC 20510  
Phone: (202) 224-2251  
Fax: (202) 224-5429  
Website: [www.senate.gov/~scia](http://www.senate.gov/~scia)

### Additional Research

Harvard Project on American Indian Economic  
Development  
John F. Kennedy School of Government  
79 JFK Street  
Cambridge, MA 92138  
Phone: (617) 495-1480  
Fax: (617) 496-3900  
Website: [www.ksg.harvard.edu/hpaied](http://www.ksg.harvard.edu/hpaied)

Lexecon Inc.  
One Mifflin Place  
Cambridge, MA 02138  
Phone: (617) 520-0200  
Fax: (617) 575-3524  
Website: [www.lexecon.com/native](http://www.lexecon.com/native)

Native Nations Institute for Leadership, Management, and  
Policy at the Udall Center for Studies in Public Policy  
The University of Arizona  
803/811 East First Street  
Tucson, AZ 85719  
Phone: 520-884-4393  
Fax:  
Website: [www.udallcenter.arizona.edu/](http://www.udallcenter.arizona.edu/)

## Oklahoma Indian Nations with Gaming

### ABSENTEE SHAWNEE TRIBE

James Lee Edwards, Governor  
2025 S. Gordon Cooper Dr.  
Shawnee, OK 74801  
Phone: (405) 275-4030  
Fax: 275-5637  
<http://www.absenteeshawneetribes.com/>

### CHEROKEE NATION

Chad Smith, Principal Chief  
P.O. Box 948  
Tahlequah, OK 74465  
Phone: (918) 456-0671  
Fax: (918) 458-5580  
<http://www.cherokeeanation.org>

### CHEYENNE-ARAPAHO TRIBES

James Pedro, Chairman  
P.O. Box 38  
Concho, OK 73022  
Phone: (405) 262-0345  
Fax: (405) 422-1184

### CHICKASAW NATION

Bill Anoatubby, Governor  
P.O. Box 1548  
Ada, OK 74821  
Phone: (580) 436-2603  
Fax: (580) 436-4287  
<http://www.chickasaw.net/>

### CHOCTAW NATION

Greg Pyle, Principal Chief  
P.O. Drawer 1210  
Durant, OK 74702  
Phone: (580) 924-8280  
Fax: (580) 924-1150  
<http://www.choctawnation.com/>

### CITIZEN POTAWATOMI NATION

John A. Barrett, Jr., Chairman  
1601 S. Gordon Cooper Dr.  
Shawnee, OK 74801  
Phone: (405) 275-3121  
Fax: (405) 878-4658  
<http://www.potawatomi.org/>

### COMANCHE NATION

Johnny Wauqua, Chairman  
P.O. Box 908  
Lawton, OK 73502  
Phone: (580) 492-3751  
Fax: (508) 492-3796  
<http://www.comanchenation.com/>

### EASTERN SHAWNEE TRIBE

Charles Enyart, Chief  
P.O. Box 350  
Seneca, MO 64865

Phone: (918) 666-2435  
Fax: (918) 666-2186  
<http://eighttribes.org/eastern-shawnee/>

### FORT SILL APACHE TRIBE

Ruey H. Darrow, Chairperson  
Route 2, Box 121  
Apache, OK 73006  
Phone: (580) 588-2298  
Fax: (508) 588-3133  
<http://fsat.tripod.com/>

### IOWA TRIBE OF OKLAHOMA

Lawrence Murray, Chairman  
R.R. 1, Box 721  
Perkins, OK 74059  
Phone: (405) 547-2402  
Fax: (405) 547-5294  
<http://www.iowanation.org/>

### KAW NATION OF OKLAHOMA

Wanda Stone, Chairperson  
P.O. Box 50  
Kaw City, OK 74641  
Phone: (580) 269-2552  
Fax: (580) 269-2301  
<http://www.kawnation.com/>

### KICKAPOO TRIBE OF OKLAHOMA

Danny Kaskaske, Chairman  
P.O. Box 70  
McLoud, OK 74851  
Phone: (405) 964-2075  
Fax: (405) 964-2745

### MIAMI NATION

Floyd E. Leonard, Chief  
P.O. Box 1326  
Miami, OK 74355  
Phone: (918) 542-1445  
Fax: (918) 542-7260  
<http://www.miamination.com/>

### MODOC TRIBE

Bill Follis, Chief  
515 "G" SE  
Miami, OK 74354-8224  
Phone: (918) 542-1190  
Fax: (918) 542-5415  
<http://eighttribes.org/modoc/>

### MUSCOGEE (CREEK) NATION

R. Perry Beaver, Principal Chief  
P.O. Box 580  
Okmulgee, OK 74447  
Phone: (918) 756-8700  
Fax: (918) 758-1434  
<http://www.ocevnet.org/creek/>

### OSAGE TRIBE

Charles Tillman, Principal Chief  
627 Grandview

Pawhuska, OK 74056  
Phone: (918) 287-1128  
Fax: (918) 287-1259  
<http://www.osagetribe.com/>

**OTOE-MISSOURIA TRIBE**

Don Butler, Chairman  
8151 Highway 177  
Red Rock, OK 74651  
Phone: (580) 723-4466  
Fax: (580) 723-4273

**PONCA NATION**

Bennett Arkeketa, Chairman  
20 White Eagle Drive  
Ponca City, OK 74601  
Phone: (580) 762-8104  
Fax: (580) 762-2743

**QUAPAW TRIBE OF OKLAHOMA**

Tamara Summerfield, Chairperson  
P.O. Box 765  
Quapaw, OK 74363  
Phone: (918) 542-1853  
Fax: (918) 542-4694  
<http://eighttribes.org/quapaw/>

**SEMINOLE NATION**

Jerry Haney, Principal Chief

P.O. Box 1498  
Wewoka, OK 74884  
Phone: (405) 257-6287  
Fax: (405) 257-6205  
<http://www.cowboy.net/native/seminole/>

**SENECA-CAYUGA TRIBE OF OKLAHOMA**

Leroy Howard, Chief  
P.O. Box 1283  
Miami, OK 74355  
Phone: (918) 542-6609  
Fax: (918) 542-3684  
<http://eighttribes.org/seneca-cayuga/>

**TONKAWA TRIBE**

Don Patterson, President  
P.O. Box 70  
Tonkawa, OK 74653  
Phone: (580) 628-2561  
Fax: (508) 628-3375  
<http://tonkawa.tripod.com/main.html>

**UNITED KEETOOWAH BAND OF CHEROKEES**

Dallas Proctor, Chief  
P.O. Box 189  
Park Hill, OK 74451  
Phone: (918) 431-1818  
Fax: (918) 431-1873

## Appendix F

### AUTHORS' BACKGROUNDS AND QUALIFICATIONS

**Katherine A. Spilde** is a Senior Research Associate for the Harvard Project on American Indian Economic Development, where she does comparative research on social and economic development among American Indian nations. Prior to her appointment at Harvard, Dr. Spilde was the Director of Research for the National Indian Gaming Association (NIGA) in Washington, DC, where she developed the National Indian Gaming Library and Resource Center. Before working at NIGA, she was a policy analyst and writer for the National Gambling Impact Study Commission, a federal commission that produced the comprehensive study, *Gambling in America*, in 1999.

Dr. Spilde received her Ph.D. from the University of California, Santa Cruz (1998), a Master's of Arts from George Washington University (1993), and a B.A. from the University of Hawaii (1991). All of her degrees are in Cultural Anthropology.

**Jonathan Taylor** is a Senior Consultant at Lexecon Inc. and provides consulting expertise to tribes and bands in the United States and Canada in the areas of strategic management and economic development. He has authored or supported testimony in litigation, public hearings, and other forums relating to the economics of resource development and valuation, socioeconomic status assessment, and economic impacts. He is also conducting research on corporate governance in tribally owned enterprises

Mr. Taylor is also a Research Fellow of the Harvard Project on American Indian Economic Development, and a Senior Policy Scholar with the Udall Center for Studies in Public Policy. Mr. Taylor received a Master's in Public Policy from the John F. Kennedy School of Government, Harvard University (1992), and an A.B. in Politics from Princeton University (1986).

**Kenneth W. Grant** is Managing Vice President at Lexecon Inc., where he has worked with a number of tribes providing consulting services in the areas of governmental restructuring, institutional capacity, and economic development. In addition, he has authored or supported litigation analyses related to the economics of tribal taxation and mineral resource valuation.

Mr. Grant is also a Research Fellow of the Harvard Project on American Indian Economic Development, and a Senior Policy Scholar with the Udall Center for Studies in Public Policy. Mr. Grant received a Master's in Public Policy from the John F. Kennedy School of Government, Harvard University (1993), and a B.A., *cum laude*, in Economics from Middlebury College (1986).