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Indian Gaming Special Distribution Fund

The State Could Better Manage Its Distribution Fund and Its Problem Gambling Programs

Background

The Indian Gaming Special Distribution Fund (distribution fund) exists to pay for specific activities related to tribal gaming, such as regulating tribal casinos and providing services to individuals suffering from problem gambling. Tribes that engage in gaming activities pay fees into the distribution fund for these activities. The California Gambling Control Commission (Gambling Commission), the California Department of Justice (Justice), and the California Department of Public Health (Public Health) each have significant responsibilities that the distribution fund financially supports.

Key Findings

- The State has allowed the distribution fund to accumulate an excessive reserve of \$127 million, which is enough to pay for nearly four years of expenditures.
- The State collected from tribes \$34 million more in distribution fund fees than it spent on regulatory costs in 2021, contributing to the distribution fund's excessive reserve. Additionally, some tribes with similarly sized gaming operations pay significantly different amounts in distribution fund fees.
- Despite our previous report that found a similar problem, Justice incorrectly charged staff time to the distribution fund for activities that were not related to its tribal gaming regulation activities.
- Public Health's Office of Problem Gambling has not effectively monitored or evaluated its programs, and it is unable to identify whether it is providing effective services. Further, the Office does not have the data it needs to assess the reach of its services, such as the number of individuals who are currently suffering or who have recently suffered from problem gambling.

Key Recommendations

The Legislature should do the following:

- Require the Department of Finance to work with the Gambling Commission to determine an appropriate reserve fund balance and then appropriate the excess reserve consistent with federal and state law.
- Require Justice to calculate and report the amount that it used for nontribal activities and then create a special appropriation to reimburse the distribution fund.

Justice should do the following:

- Reimburse the distribution fund for time that employees spent working on nontribal activities and put controls in place to prevent future charges.

Public Health should do the following:

- Create and include in the strategic plan measurable goals with quantifiable metrics, and create policies and procedures that guide the development of its strategic plans and its program evaluations.
- Obtain and annually update data on the number of Californians who suffer from problem gambling to help better identify the factors that contribute to problem gambling and which populations need problem gambling prevention or treatment services.

