

May 2, 2013

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Dear Tribal Leader:

As an independent regulatory agency within the Department of the Interior, we would like to share with you the impacts of sequestration on the National Indian Gaming Commission (NIGC), and what we are doing to protect the tribal revenues we receive as quarterly fee payments.

As you know, due to the failure of Congress to reach a deal on a balanced deficit reduction plan to avoid sequestration, the President was required by law to issue a sequestration order on March 1, 2013. This order reduced budgetary authority for Fiscal Year 2013 by approximately \$85 billion for all Federal accounts. At the Department of the Interior, over \$800 million will be cut from bureaus and offices over the next several months. Although in March Congress also passed a continuing resolution, which appropriated funds to the Government for the remainder of the 2013 fiscal year into 2014, unfortunately that budget measure retained the sequester. This means that, unless Congress is able to reach a debt reduction deal that affects sequestration, the NIGC, along with the rest of the Federal Government, will have its budget reduced by approximately five percent each year for a period of 10 years. The impact of these reductions will be significant and long term.

The Commission made extensive efforts to exempt the NIGC from sequestration cuts due to the fact that we are a fee-for-service agency funded solely by tribal funds.

Unfortunately, despite our efforts, we have been advised that five percent of the NIGC's funds will be sequestered. Although the funds cannot by law be taken from the NIGC and used for other purposes, the Agency will be unable to spend approximately \$1.2 million of its budget during the remainder of the 2013 Federal fiscal year. We were informed by the Office of Management and Budget that at the end of the fiscal year, those sequestered funds may be returned to the NIGC for use during the 2014 fiscal year. We will continue to monitor the impacts to NIGC for this fiscal year and next.

Our responsibility as Federal regulators of Indian gaming is to safeguard tribal operations in collaboration with tribes as well as to provide tribes with training and technical assistance to achieve compliance. We know that the tribes served by the NIGC expect to receive top-notch regulatory oversight. We do not yet know the full impact of the sequester, but will do our utmost to ensure that there are minimal impacts to the quality and number of services we provide for mission-critical activities, including approving management contracts and gaming ordinances, background investigations, training and technical assistance, and other duties described in the Indian Gaming Regulatory Act, 25 U.S.C. § 2701 et seq. (IGRA).

The NIGC will, however, have to make changes to the way we do business. The Commission has examined ways to cut spending to minimize impacts to the tribes and our mission while protecting the integrity of Indian gaming. We have begun by not filling some vacant positions, examining our travel and making cuts where we can that will not impact the implementation of authorities to meet NIGC's mission. We will also streamline staff work assignments to execute responsibilities more efficiently as well as analyze all of the Agency's office space needs.

In the near term, we will continue to provide services to tribes that are not required under IGRA, including review of financing agreements and issuance of declination letters, but, due to the sequester, these services may take the Agency longer to complete than in the past. We recognize that these are important services we provide as a courtesy to tribes, and we will do our best to work closely with you to complete our review in a timely manner.

We will continue to monitor the situation as it develops and, should Congress take subsequent action that changes the level or nature of these reductions, we will keep you informed.

During this challenging time for the Federal government and the American people, we remain committed to carrying out our mission to protect the integrity and security of Indian gaming.

Sincerely,

Tracie L. Stevens

Chairwoman

Daniel J. Little

Associate Commissioner