



BUDGET The United States
Department of the Interior
JUSTIFICATIONS

and Performance Information
Fiscal Year 2012

**NATIONAL INDIAN
GAMING COMMISSION**

NOTICE: These budget justifications are prepared for the Interior, Environment and Related Agencies Appropriations Subcommittees. Approval for release of the justifications prior to their printing in the public record of the Subcommittee hearings may be obtained through the Office of Budget of the Department of the Interior.

DEPARTMENT OF THE INTERIOR NATIONAL INDIAN GAMING COMMISSION

Fiscal Year 2012 Budget Justification

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National Indian Gaming Commission (NIGC)

Executive Summary

The National Indian Gaming Commission (NIGC or “Commission”) was created by the Indian Gaming Regulatory Act of 1988 (P.L. 100-497). The Indian Gaming Regulatory Act (IGRA) created a mechanism whereby NIGC operations are funded by the fees collected from tribal gaming operations. When the Commission began operations in February 1992, the Indian gaming industry generated revenue of about \$3 billion per year. The Commission itself operated on a budget of \$2.2 million with 33 full-time employees and with oversight responsibilities for approximately 200 gaming operations. As with many emerging industries, Indian gaming experienced consistent growth. Today, there are over 400 Indian gaming operations in 29 states. Revenues over the past few years suggest that the industry has stabilized with the moderate growth largely attributable to the expansion of existing facilities and the opening of new facilities.

The governmental entities regulating Indian gaming have grown along with the industry. In addition to the Commission, there are approximately 200 tribal gaming commissions serving as the primary regulators of Indian gaming. Further, each of the 29 states provides regulatory support to implement their respective responsibilities under IGRA and tribal-state compacts. In addition to NIGC, tribal and state regulatory agencies, the Department of the Interior, the Department of Justice, the Federal Bureau of Investigation, the Internal Revenue Service and the Department of the Treasury all implement and enforce laws that serve to ensure tribes are the primary beneficiaries of Indian gaming. The NIGC coordinates closely with all of these governmental entities to fulfill Congress’ mandates in IGRA.

In May 2006, Congress enacted the Native American Technical Corrections Act of 2006 (P.L. 109-22). This Act authorizes the Commission to collect up to 0.080 percent of the gross gaming revenue but it also links NIGC fee collections to the growth, or contraction, of the Indian gaming industry so that the agency’s funding reflects the financial status of the industry. Secondly, the Act identified training and technical assistance as an agency function.

The fiscal year 2012 budget will focus primarily on improving governmental coordination and expanding tribal consultation, providing training and technical assistance to tribal gaming commissions and operations, conducting a regulatory review,

examining and assessing the efficiency and effectiveness of the Commission, and enhancing the information technology infrastructure.

Vision

A fundamental principle of this Commission's vision is that we are committed to strengthening government-to-government relations by engaging in meaningful consultation with Tribes to fulfill the intent of IGRA. Our vision is to adhere to the principles of good government, including transparency, to promote agency accountability and fiscal responsibility, to operate consistently to ensure fairness and clarity in the administration of IGRA, and to respect the responsibilities of each sovereign in order to fully promote tribal economic development, self-sufficiency and strong tribal governments.

Mission

The mission of the NIGC is: To work within the framework created by the Act for the regulation of gaming activities on Indian lands, and thereby fully promoting tribal economic development, self-sufficiency, strong tribal governments, and the integrity of the Indian gaming industry.

General Statement

The Indian Gaming Regulatory Act established, within the Department of the Interior, the National Indian Gaming Commission, and provided it with independent Federal regulatory authority. IGRA was enacted as means of supporting tribal economic development, self-sufficiency, and strong tribal governments through the creation of a statutory basis for the operation of gaming on Indian lands. It provides a regulatory framework to shield Indian gaming from corruption, to ensure the games are fair and honest and to ensure that Tribes are the primary beneficiaries of the gaming operation. The Commission was created to address these congressional concerns regarding gaming and to protect such gaming as a means of generating tribal revenue.

The Commission monitors tribal gaming activity, inspects gaming premises, conducts background investigations, audits and reviews financial records of Class II gaming operations (and Class III gaming operations upon request or as provided by applicable law such as tribal gaming ordinances and tribal-state compacts), provides technical assistance and training to tribal gaming commissions and operations and, when appropriate, undertakes enforcement actions.

This is accomplished by:

- Direct regulation of certain aspects of Indian gaming, and coordinating regulation with tribal and other regulatory agencies through the review and approval of tribal gaming ordinances and management agreements.
- Reviewing the backgrounds of individuals and entities to ensure the suitability of those seeking to engage or invest in Indian gaming.
- Maintaining oversight and reviewing the conduct of Indian gaming operations and their financial performance.
- Referring matters to appropriate Federal, tribal and state entities.
- Undertaking enforcement actions as necessary for violations of IGRA, the Commission's regulations and tribal gaming ordinances, including the imposition of appropriate sanctions on those committing such violations.

As it fulfills these responsibilities, the Commission is particularly vigilant of any indications of corrupting influences, such as those posed by organized criminal elements known to be attracted to cash-intensive industries such as gaming.

IGRA authorizes the Commission to assess and collect fees on tribal gaming revenues to cover agency operating costs. The NIGC also conducts background investigations, including fingerprinting, of individuals and entities with a financial interest in, or management responsibility for, potential management contracts. These investigations are conducted to determine whether the management contracts can be approved. The Commission is reimbursed by the potential contractors for performing these investigative services. The Commission is also reimbursed for fingerprint processing costs.

The Commission, as an agency of the Federal government, maintains a trust relationship with Indian nations. Consistent with Executive Order 13175, signed by President Clinton on November 6, 2000, the Commission is committed to meaningful consultation with tribes prior to making changes to regulations or policies having tribal implications. Additionally, the Commission endeavors to provide tribes with courteous and timely responses to issues as they arise. In all phases of its regulatory performance, the Commission and its staff observe the due process rights of those who come before it. The Commission strives to be responsive to tribes seeking guidance as they enter the Indian gaming industry, monitors trends in tribal government gaming, and reports its findings to Congress and the Administration.

The Indian Gaming Regulatory Act (IGRA) of 1988

In 1987, the Supreme Court affirmed the sovereign authority of tribes to operate and regulate gaming facilities on Indian lands free from state regulation if the state did not prohibit gaming (*California v. Cabazon Band of Indians*, 480 U.S. 202 (1987)). The following year, Congress enacted the Indian Gaming Regulatory Act. Embodied in IGRA was a compromise between state and tribal interests. The drafters “balance[d] the need for sound enforcement of gaming laws and regulations, with a strong Federal interest in preserving the sovereign rights of tribal governments to regulate activities and enforce laws on Indian lands.” IGRA fully preserved tribal regulatory authority over Class II gaming without state intervention. However, IGRA gave the states a role in determining the scope and extent of tribal gaming by requiring tribal-state compacts for Class III gaming.

IGRA establishes the jurisdictional framework that governs Indian gaming. IGRA establishes three classes of games with a different regulatory scheme for each.

- Class I gaming is defined as traditional and social Indian gaming for minimal prizes. Regulatory authority over Class I gaming is vested exclusively in tribal governments.
- Class II gaming is defined as the game of chance commonly known as bingo (whether or not electronic, computer, or other technological aids are used in connection therewith) and (if played in the same location) pull-tabs, lotto, punchboards, tip jars, instant bingo and other games similar to bingo. Class II gaming also includes non-banked card games. IGRA specifically excludes slot machines or electronic facsimiles of any game of chance from the definition of Class II games. Tribes retain their authority to conduct, license and regulate Class II gaming as long as the state in which the tribe is located permits such gaming for any purpose, and the tribal government adopts a gaming ordinance approved by the Commission. Tribal governments are responsible for regulating Class II gaming, with Commission oversight.
- Class III encompasses all forms of gaming that are neither Class I nor Class II. Games commonly played in casinos, such as slot machines, blackjack, craps, and roulette, fall in the Class III category. Class III gaming is often referred to as full-scale casino-style gaming. As a compromise among tribal, state and Federal interests, IGRA restricts tribal authority to conduct Class III gaming. Before a tribe may lawfully conduct Class III gaming, the following conditions must be met: (1) the facility must be located in a State that permits such gaming for any purpose by any person, organization or entity; (2) the tribe and the state must have negotiated a compact that has been approved by the Secretary of the Interior, or the Secretary must have approved regulatory procedures; and (3) the tribe must have adopted a tribal gaming ordinance that has been approved by the Chairman of the Commission. State and tribal governments are primarily responsible for regulating Class III gaming.

Although Congress clearly intended states to address Class III regulatory issues in tribal-state compacts, IGRA did not make this mandatory, and many states accordingly rely upon continued tribal and Federal oversight by the NIGC to address their regulatory concerns regarding Class III tribal gaming under IGRA. Additionally, IGRA tasks the NIGC with a number of specific regulatory functions to the NIGC, such as: approving tribal ordinances for Class II and Class III gaming; approving management contracts; ensuring tribes and management contractors comply with IGRA and Commission rules and regulations; and implementing regulations. Accordingly, the Commission plays a key role in the oversight and regulation of both Class II and Class III gaming.

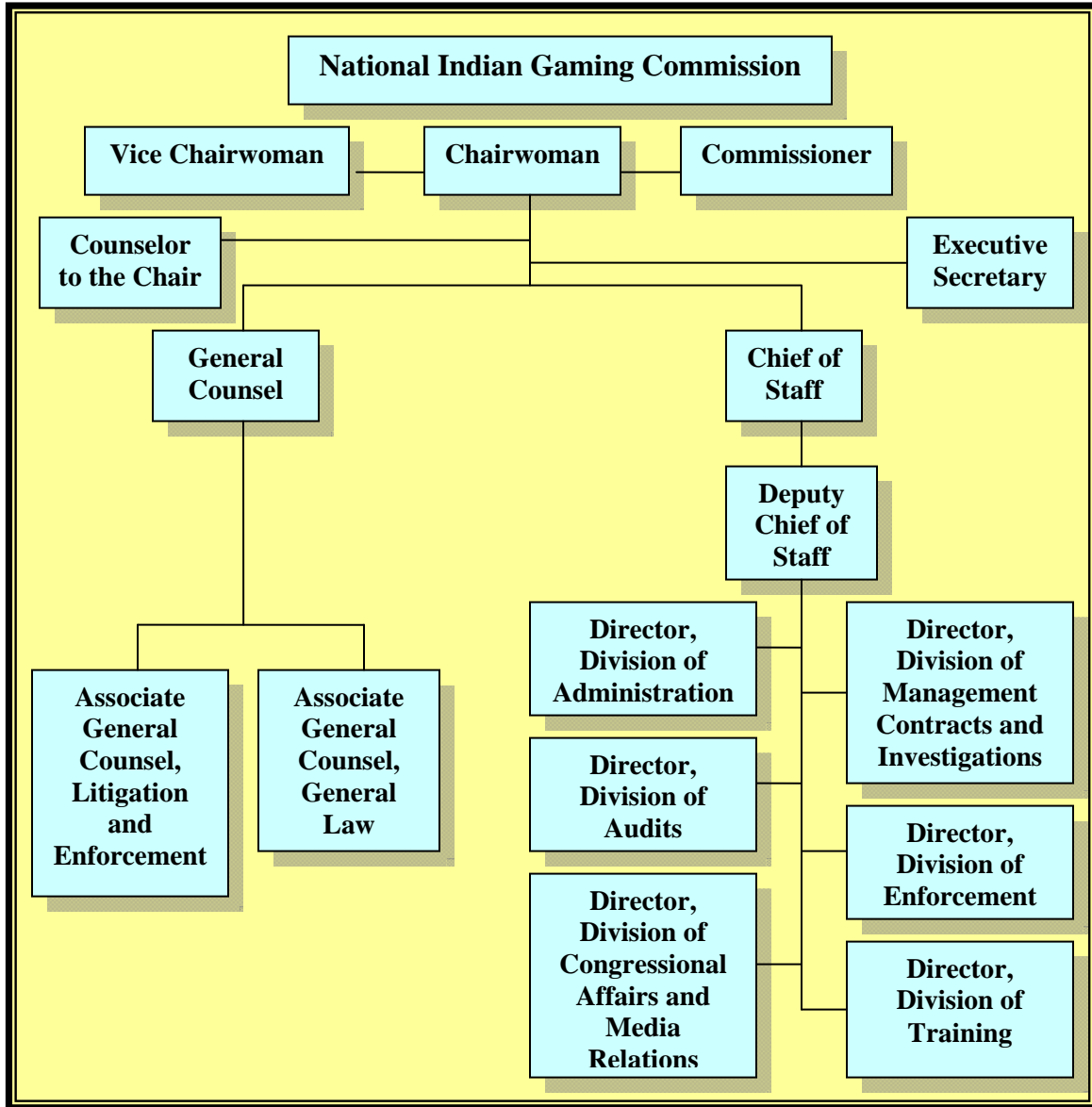
The Commission and its Operations

The Commission is comprised of a Chair and two associate Commissioners, each of whom are appointed to three-year terms. The Commission establishes policy, and is responsible for carrying out the duties assigned to it by IGRA.

The Commission provides Federal oversight to over 400 tribally owned, operated, or licensed gaming establishments operating in 29 states. The Commission maintains its headquarters in Washington, DC, has seven regional offices, and four satellite offices. The Commission is divided into seven separate divisions with a combined staff of 116 full-time employees as of 2010. Total FTE utilization in 2010 was 112. Approximately half of the Commission staff are assigned to headquarters in Washington, DC, with the remaining assigned among its regional offices located in: Portland, OR; Sacramento, CA; Phoenix, AZ; St. Paul, MN; Tulsa, OK; Washington, DC; and Oklahoma City, OK, and among its satellite offices in Rapid City, SD; Temecula, CA; Bellingham, WA; and Flowood, MS.

The Commission established its field structure to increase effectiveness and improve the level and quality of services it provides. The field offices are vital to carrying out the statutory responsibilities of the Commission, providing technical assistance and training and securing industry compliance with the IGRA. Tribal compliance with the Act has improved as a result of locating auditors and field investigators closer to tribal gaming facilities. In addition to auditing and investigative activities, the field staff provides technical assistance, education, and training to promote a better understanding of gaming controls within the regulated industry, and to enhance cooperation and compliance in order to prevent violations thus ensuring the integrity of the gaming operations.

Organizational Structure



The Commission’s organizational structure is composed of two main branches, the Office of the General Counsel and the Office of the Chief of Staff.

The Office of the General Counsel provides legal advice and counsel to the Commission on all matters relating to IGRA and Commission compliance with all applicable laws and regulations. The Office represents the Chairman in all enforcement actions and, as needed, coordinates with the U.S. Department of Justice to implement the Commission’s enforcement actions. The Office also plays an important role in handling appeals before the full Commission, and where Commission action results in litigation, the Office works directly with the Department of Justice.

The Office of the General Counsel also manages the day-to-day legal affairs of the Commission, providing counsel and legal support to each division. The Office reviews tribal gaming ordinances and proposed management contracts, provides legal advisory opinions on the appropriate classification of games played in Indian gaming facilities, on Indian land issues, contract issues, and general law questions. The Office also coordinates opinions and other specific matters with the Department of the Interior’s Office of the Solicitor and other Federal agencies as necessary.

The Office of the Chief of Staff implements the policies of the Commission and is responsible for the direction, supervision, and evaluation of the work of all Commission employees outside of the Office of the General Counsel. It is divided into six divisions which include: Division of Management Contracts and Investigations; Division of Enforcement; Division of Congressional Affairs and Media Relations; Division of Audits; Division of Training; and Division of Administration.

The Division of Management Contracts and Investigations works with all interested parties, including tribal officials, management contractors, attorneys, accountants, and tribal gaming regulatory authorities to ensure that proposed management contracts meet the requirements established by IGRA. The Division conducts required background investigations to ensure the satisfaction of suitability criteria as it relates to management contractors. The Division manages the submission and distribution of results from the processing of fingerprint identification and background investigations through a Memorandum of Understanding (MOU) with the FBI. The Division is also responsible for tracking and reporting annual Indian gaming industry gross revenue.

The Division of Enforcement serves as the Commission’s main tool in monitoring tribal compliance with all applicable laws and regulations. The Division consists of seven regional offices and four satellite offices.

Regional Office – Portland, OR	Satellite Office – Bellingham, WA
Regional Office – Sacramento, CA	Satellite Office – Temecula, CA
Regional Office – Phoenix, AZ	
Regional Office – St. Paul, MN	Satellite Office – Rapid City, SD
Regional Office – Tulsa, OK	
Regional Office – Washington DC	Satellite Office – Flowood, MS
Regional Office – Oklahoma City, OK	

Employees from the Division of Enforcement routinely visit Indian gaming facilities in their region, evaluating compliance with relevant Federal laws and regulations, providing training and technical assistance and, where indicated, facilitating the activities of other Federal agencies responsible for implementing the IGRA’s provisions. Education and outreach are among the Division’s best tools in achieving compliance. As such, the Division offers training and technical assistance on a wide range of matters. The Division also plays a critical role in processing background investigations at Indian gaming facilities. IGRA requires

tribes to conduct background investigations on key employees and primary management officials, including submission of fingerprint cards to the FBI.

The Division of Training was established in fiscal year 2008 to provide both external and internal training. The Division supports the implementation of Public Law 109-221 and assists in accomplishing the strategic goal of organizational excellence. Externally, the Division of Training, among other responsibilities, provides numerous course offerings related to gaming. The Division works with tribal governments, gaming regulators, law enforcement, and members of the state and Federal agencies to identify needed areas of training.

The Division of Administration provides administrative, technical, and support services to the Commission, including its regional and satellite offices. All daily office support functions, including personnel management, procurement activities, travel, and information technology, are provided by the Administration Division. The Division is also responsible for accounting of fees, network management and internet services, records management, and Freedom of Information Act requests.

The Division of Congressional Affairs and Media Relations is responsible for planning, coordinating, and managing activities related to both legislative and public affairs, and media relations. This Division works with various media for the purpose of informing the public of the Commission's mission, policies and activities through press releases, media alerts, newsletters, and guest columns. The Division also monitors legislation affecting the Commission and advises on any necessary policy action. The Division coordinates submission of bills, resolutions, reports, testimony, and other statements on legislation to the Congress.

The Division of Audits monitors compliance with the Commission's minimum internal control standards and other regulations specific to the operational workflows of the gaming enterprises. The internal control regulations establish uniform standards for protecting the integrity of Indian gaming. The results of these reviews provide valuable feedback to tribal governments regarding regulatory compliance and, most importantly, how tribes may better safeguard their investments. The Division is also called upon periodically to provide support to the Commission's Enforcement Division in examining alleged financial irregularities. Based on an analysis of financial filings with the Commission, the Division identifies trends to aid the Commission in the administration of its regulatory responsibilities.

Budget Priorities

Currently, the industry consists of over 400 Indian gaming operations in 29 states. These operations are owned, operated, or licensed by more than 240 tribal governments. The industry generated \$26.5 billion of gross gaming revenues in 2009, a slight decrease of less than 1 percent from 2008.

As with any industry, technology continues to evolve, resulting in both greater efficiencies and new challenges. To keep pace with changes in technology, financial resources must be directed to training Commission staff and providing training to tribal gaming operators and regulators to assure their ability to regulate and safeguard their operations.

Background

Prior to 1997, the Commission was legislatively prohibited from collecting fees in excess of \$1.5 million annually. The 1998 Interior Appropriations Act (P.L. 105-83) expanded the fee base to include Class III (casino style) gaming and raised the limitation on annual fee collections to \$8 million. In the 2003, 2004, 2005, and 2006 Interior Appropriations Acts, the Congress enacted a general provision raising this limitation to \$12 million for fiscal years 2004, 2005, 2006, and 2007 respectively. On May 12, 2006, the Native American Technical Corrections Act of 2006 (P.L. 109-221) was enacted establishing a new fee limitation.

This legislative change allows the Commission to maintain a fee collection level that is in proportion to the size of the industry it oversees. With fees now capped at 0.080% of the industry's gross revenue, the Commission's funding will expand or contract in proportion to the growth or contraction of the Indian gaming industry.

Another change included in Public Law 109-221 was the requirement that the Commission, like other Federal agencies, be subject to the Government Performance and Results Act of 1993 (GPRA), and that any plan instituted in compliance with GPRA include technical assistance to tribal gaming operations. Consequently, on January 8, 2009, the NIGC submitted its GPRA Strategic Plan for Fiscal Years 2009 to 2014 to Congress and the Office of Management and Budget (OMB).

Annual Fees for Operations

The Commission assesses annual fees on tribal gaming revenues in accordance with procedures set forth in 25 C.F.R. Part 514. In 2009, the Commission promulgated changes to these regulations that became effective on December 31, 2009. In accordance with the new regulation, the Commission will publish a preliminary fee rate on or before February 1 of each year. If necessary, changes to the fee rate will be published no later than July 1 of that year. The rate must be sufficient to generate income to fund the annual operation of the Commission, and to maintain a transition balance for the

upcoming year's operation. Each gaming operation must submit payments for fees assessed by June 30 and December 31 of each calendar year.

Maintenance of the transition balance is essential to the fiscal integrity of the Commission because the unique statutory provisions governing the Commission's funding subject it to significant cash flow variations. Unlike other Federal agencies, the Commission's authorizing legislation does not provide for full funding at the beginning of each fiscal year. Instead, the Commission receives semi-annual payments equal to approximately one-half of each gaming operation's projected annual fee assessment. The carryover transition balance is necessary to cover the first and second quarter of operation until the fees are actually received and credited to the operating account. For example, fees collected on or before the December 31, 2010 due date will provide the operational capital for the first six months of calendar year 2011. The Commission attempts to maintain a transition balance to fund the first two quarters of the new year in order to absorb any cash flow variations that may occur.

**DEPARTMENT OF THE INTERIOR
NATIONAL INDIAN GAMING COMMISSION**

Appropriation Summary Statement

The Indian Gaming Regulatory Act (Public Law 100-497) established, within the Department of the Interior, the National Indian Gaming Commission. The Commission monitors and regulates gaming activities conducted on Indian lands. The Commission fosters the economic development of Indian tribes by ensuring the integrity of Indian gaming and ensuring that the tribes are the primary beneficiaries of their gaming revenues. Operating costs of the Commission are financed through annual assessments of gaming operations regulated by the Commission consistent with provisions of the Native American Technical Corrections Act of 2006 (Public Law 109-221).

Summary of the Fiscal Year 2012 Budget

Permanent Appropriation

The Indian Gaming Regulatory Act, as amended, established the National Indian Gaming Commission to monitor and participate in the regulation of gaming conducted on Indian lands. The NIGC's operational costs are financed through annual assessments of gaming operations regulated by the Commission.

All costs associated with the Commission's operation during fiscal year 2012 will be derived from fees assessed on, and collected from, the regulated Indian gaming industry. The Commission will continue its consultation with the affected tribes and evaluate their input prior to implementing the proposed budget. The revenue to be collected in 2012 will assure funding to address the full-year impact of new hires. The Commission will continue to maintain a carryover balance sufficient to assure that cash flow variations do not impact ongoing operations. Fees are paid semi-annually, based on each gaming operation's assessable gross revenue. This system often results in cash flow variations, and therefore a transition balance, derived from prior year funds carried forward to the new fiscal year, is essential for continuity of operations.

With an increase in FTE utilization from 112 FTE in fiscal year 2010 to 123 FTE in fiscal years 2011 and 2012, the NIGC is forecasting full-year obligations of \$17 million in fiscal year 2011, and \$18 million in 2012. This will allow the Commission to hire additional local and field personnel to implement its responsibilities under the Act. These funds will also be used to upgrade and improve the NIGC's information management system, and expand training and technical assistance. This forecast includes expenditures for oversight of class III gaming, as provided by applicable law such as tribal gaming ordinance and tribal-state compacts.

Reimbursable Expenses

The NIGC conducts background investigations of individuals and entities with a financial interest in, or management responsibility for, potential management contracts. Pursuant to the 25 U.S.C § 2711(e), these investigations are conducted to determine whether the contracts may be approved. In accordance with §2711(i), the Commission is reimbursed approximately \$1 million annually from the potential contractors to conduct these background investigations. In addition, the Commission is reimbursed for fingerprint processing costs in the approximate amount of \$1.2 million annually.

Fee Regulation

The regulations implementing the legislative provisions governing the collection of fees have been revised to allow the Commission to collect the statutory maximum allowed by Congress. The revised regulations are as follows:

§514.1 Annual Fees

- (d) The total amount of all fees imposed during any fiscal year shall not exceed the statutory maximum imposed by Congress. The Commission shall credit pro-rata any fees collected in excess of this amount against amounts otherwise due by June 30th and December 31st of each calendar year.

Supplementary Information:

The Commission has changed its regulations to reflect changes in the statutory fee limitation. This regulation has been amended so that the amount of fees imposed by the Commission is directly related to Congressional action. The change allows the Commission to collect up to the statutory maximum and eliminates the need to regularly amend this regulation as Congress raises or lowers the fee level. The change was effective December 31, 2009.

Authorization:

Indian Gaming Regulatory Act, Public Law 100-497, as amended.

Objectives:

To regulate and monitor gaming conducted on Indian lands and to protect Indian gaming as a means of generating Indian tribal revenues.

Program Activities:

The Commission's mission is to effectively monitor and participate in the regulation of Indian gaming pursuant to the Indian Gaming Regulatory Act (IGRA) in order to promote the integrity of the Indian gaming industry. To affect these goals, the Commission is authorized to conduct investigations, undertake enforcement actions including the issuance of notices of violation, assessment of civil fines, issuance of closure orders, approve management contracts, and issue such regulations as necessary to meet its responsibilities under the Act.

The Act grants broad authority to the Commission and provides authority to the Chairman to:

- Issue temporary closure orders.
- Levy civil fines, of up to \$25,000 per violation per day against a tribe, management contractor, or individual operator for violation of the Act, the regulations, or a tribal gaming ordinance.

- Approve tribal gaming ordinances.
- Approve gaming management contracts.
- Appoint and supervise staff.

The Commission as a whole is empowered to:

- Monitor gaming activities.
- Inspect gaming premises.
- Conduct background investigations.
- Inspect records relating to gaming.
- Approve the annual budget.
- Adopt regulations for the assessment and collection of civil fines.
- Adopt a schedule of annual fees.
- Issue permanent closure orders.
- Adopt regulations as deemed appropriate to implement the provisions of IGRA.

Together the Commission serves as an appellate body. Aggrieved parties may appeal decisions of the Chairman to the full Commission.

In carrying out these responsibilities, the Commission also:

- Provides education, training and technical assistance regarding applicable regulatory requirements.
- Assists tribes with background investigations and fingerprint processing.
- Receives and processes appeals.
- Conducts formal and informal hearings.
- Consults with Indian tribes, states and the regulated community.
- Defends against lawsuits challenging the Commission's actions.
- Issues advice and guidance through bulletins, advisory opinions and other publications.
- Provides audits and other evaluative services.

DEPARTMENT OF THE INTERIOR
NATIONAL INDIAN GAMING COMMISSION
Special Fund Receipt/Expenditure Account
Gaming Activity Fees
(in millions of dollars)

Identification code 14-5141-0-2-806		2010		
		2010	Enacted/	2012
		Actual	2011 CR	Estimate
01.00	Balance, start of year.....	-	-	-
	Receipts:			
02.00	NIGC, Gaming activity fees.....	13	17	17
04.00	Total: Balances and Collections.....	13	17	17
	Appropriations:			
	National Indian Gaming Commission			
05.00	NIGC, Gaming activity fees.....	-13	-17	-17
07.99	Balance, end of year.....	-	-	-
Program and Financing (in millions of dollars)				
<u>Obligations by program activity:</u>				
00.01	Direct Program Activity	18	17	18
<u>Budgetary resources:</u>				
	Unobligated balance:			
10.00	Unobligated balance brought forward, Oct 1.....	9	4	4
	Budget authority:			
	Appropriations, mandatory:			
12.01	Appropriation (special fund).....	13	17	17
19.30	Total budgetary resources available.....	22	21	21
	Memorandum (non-add) entries:.....			
19.41	Unexpired unobligated balance, end of year.....	4	4	3
<u>Change in obligated balance:</u>				
	Obligated balance, start of year (net):			
30.00	Unpaid obligations, brought forward, Oct 1 (gross)	1	1	1
30.30	Obligations incurred, unexpired accounts.....	18	17	18
30.40	Outlays (gross).....	-18	-17	-18
	Obligated balance, end of year (net):			
30.90	Unpaid obligations, end of year (gross).....	1	1	1
<u>Budget authority and outlays, net:</u>				
	Mandatory:			
40.90	Budget authority, gross.....	13	17	17
<u>Outlays (gross):</u>				
41.00	Outlays from new mandatory authority.....	9	15	15
41.01	Outlays from mandatory balances.....	9	2	3
41.10	Outlays, gross (total)	18	17	18
41.80	Budget authority, net (total).....	13	17	17
41.90	Outlays, net (total).....	18	17	18

**DEPARTMENT OF THE INTERIOR
NATIONAL INDIAN GAMING COMMISSION
Special Fund Receipt/Expenditure Account
Gaming Activity Fees**

Object Classification (in millions of dollars)

Identification code 14-5141-0-2-806		2010		
		2010	Enacted/ 2011 CR	2012
		Actual		Estimate
Direct obligations				
11.10	Personnel compensation: Full-time permanent.....	11	10	11
12.10	Civilian personnel benefits.....	3	3	3
21.00	Travel and transportation of persons...	1	1	1
23.10	Rental payments to GSA.....	1	1	1
25.20	Other Services.....	2	1	1
99.00	Direct obligations.....	18	16	17
99.50	Below reporting threshold.....	-	1	1
99.90	Total new obligations.....	18	17	18
Employment Summary				
Total compensable workyears				
10.01	Direct civilian full-time equivalent employment.....	112	123	123

**DEPARTMENT OF THE INTERIOR
NATIONAL INDIAN GAMING COMMISSION**

**Reimbursable Activity
(in millions of dollars)**

Program and Financing

Identification code 14-0118-0-1-806		2010		
		2010 Actual	Enacted/ 2011 CR	2012 Estimate
<u>Obligations by program activity:</u>				
08.01	Reimbursable program	1	3	3
09.00	Total new obligations (object class 25.2).....	1	3	3
<u>Budgetary Resources:</u>				
Unobligated balance:				
10.00	Unobligated balance brought forward, Oct 1.....	2	3	3
Budget authority:				
Spending authority from offsetting collections, discretionary:				
17.00	Collected.....	2	3	3
19.30	Total budgetary resources available.....	4	6	6
19.41	Unexpired unobligated balance, end of year.....	3	3	3
Change in obligated balance:				
Obligated balance, start of year (net):				
30.00	Unpaid obligations, brought forward, Oct 1 (gross).....	1	1	1
30.30	Obligations incurred, unexpired accounts.....	1	3	3
30.40	Outlays (gross).....	-1	-3	-3
Obligated balance, end of year (net):				
30.90	Unpaid obligations, end of year (gross).....	1	1	1
<u>Budget authority and outlays, net:</u>				
Discretionary:				
40.00	Budget authority, gross.....	2	3	3
Outlays, gross:				
40.10	Outlays from new discretionary authority.....	1	3	3
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
40.33	Non-Federal sources.....	-2	-3	-3
40.70	Budget authority, net (discretionary).....	---	---	---
40.80	Outlays, net (discretionary).....	-1	---	---
41.80	Budget authority, net (total).....	---	---	---
41.90	Outlays, net (total).....	-1	---	---

DEPARTMENT OF THE INTERIOR
NATIONAL INDIAN GAMING COMMISSION
General and Special Funds: Salaries and Expenses

Object Classification (in millions of dollars)

Identification code 14-0118-0-4-806	2010		
	2010 Actual	Enacted/ 2011 CR	2012 Estimate
Reimbursable obligations			
25.20 Other services.....	1	3	3
99.90 Total new obligations.....	1	3	3

**DEPARTMENT OF THE INTERIOR
NATIONAL INDIAN GAMING COMMISSION
EMPLOYEE COUNT BY GRADE OR GRADE EQUIVALENT**

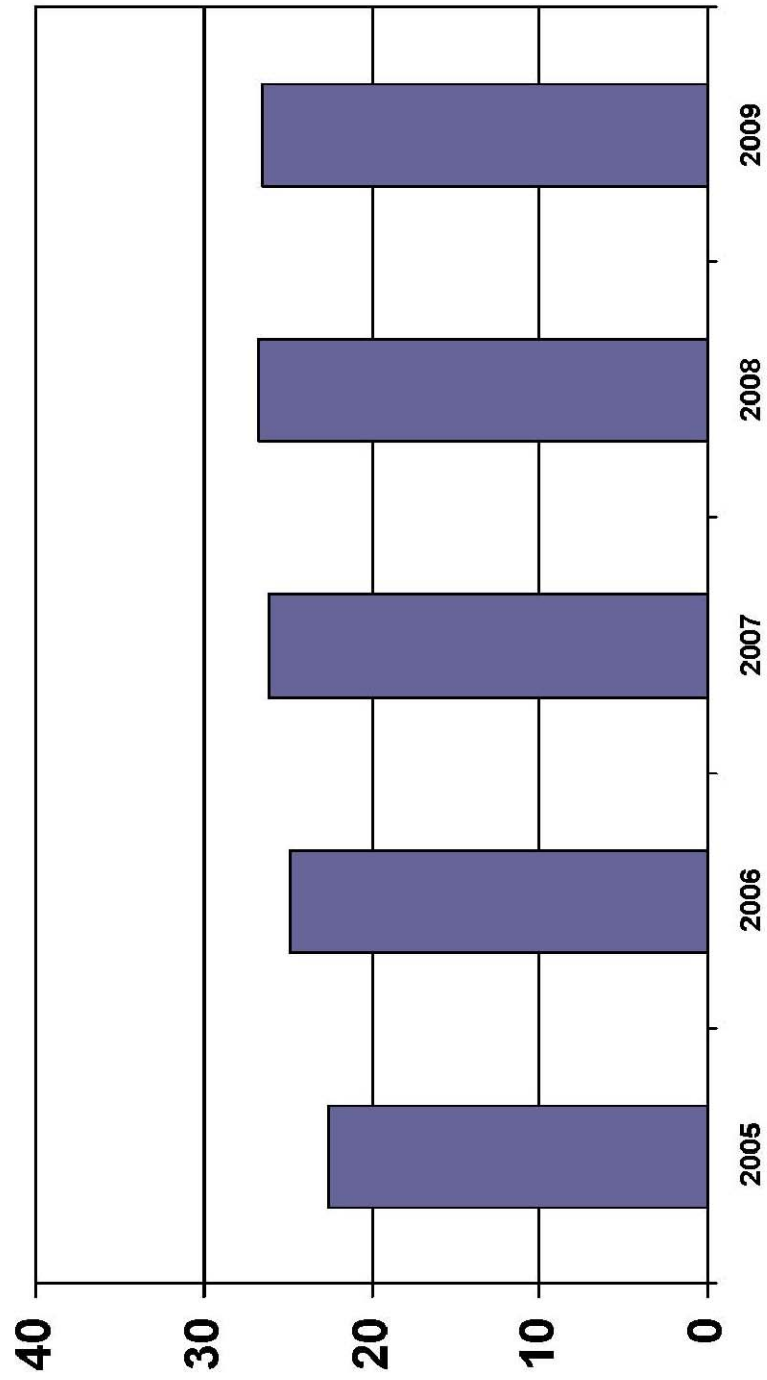
	2010 Actual	2011 Estimate	2012 Estimate
EX-IV	1	1	1
EX-V	1	2	2
ES-4	1	1	2
ES-3	0	1	0
ES-1	0	0	0
GS-15	18	18	18
GS-14	18	18	18
GS-13	35	36	36
GS-12	19	27	27
GS-11	1	1	1
GS-10	3	3	3
GS-09	5	5	5
GS-08	0	0	0
GS-07	0	0	0
GS-06	9	9	9
GS-05	1	1	1
Total FTE	112	123	123

In accordance with the Act, appointments are made without regard to the provisions of Title 5, U.S. Code governing appointments in the competitive services

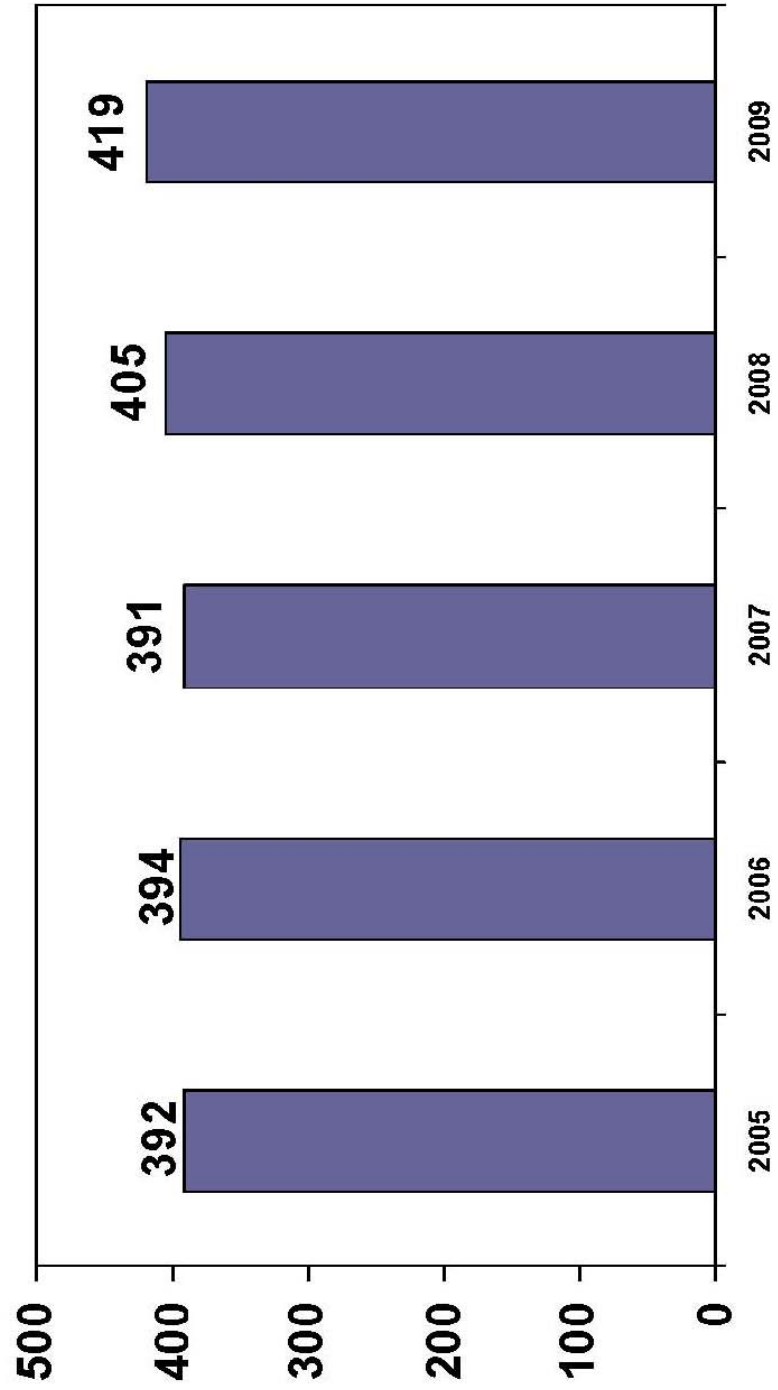
NIGC Summary of Employment			
	Number of Positions		
	2010 Actual	2011 Estimate	2012 Estimate
Enforcement			
HQ - Washington, DC	2	2	2
Portland Region	4	5	5
Sacramento Region	6	7	7
Phoenix Region	5	6	6
St. Paul Region	4	5	5
Tulsa Region	4	4	4
Washington, DC Region	1	1	1
Oklahoma City Region	4	5	5
Satellite - Rapid City, SD	2	2	2
Satellite - Temecula, CA	2	3	3
Satellite - Bellingham, WA	1	1	1
Satellite - Flowood, MS	1	1	1
Total Enforcement	36	42	42
Management Contracts & Investigations			
HQ - Washington, DC	6	6	6
Various	8	8	8
Total Management Contracts & Investigations	14	14	14
Audits			
HQ - Washington, DC	1	1	1
Region 1 - Portland, OR	5	5	5
Region 2 - Sacramento, CA	1	1	1
Region 3 - Phoenix, AZ	1	2	2
Region 4 - St. Paul, MN	2	2	2
Region 5 - Tulsa, OK	3	3	3
Region 6 - Washington, DC	0	0	0
Satellite - Rapid City, SD	1	1	1
Satellite - Temecula, CA	1	1	1
Satellite - Flowood, MS	1	1	1
Various	2	2	2
Total Audits	18	19	19
Office of the General Counsel	20	20	20
Training	1	1	1
Administration			
Administration	14	14	15
Information Technology	5	5	5
Total Administration	19	19	19
Congressional Affairs and Media Relations	1	1	1
Commission Staff	7	8	8
Total	116	124	124
Utilization rate	97%	99%	99%
FTE Utilization	112	123	123

Indian Gaming Industry Growth

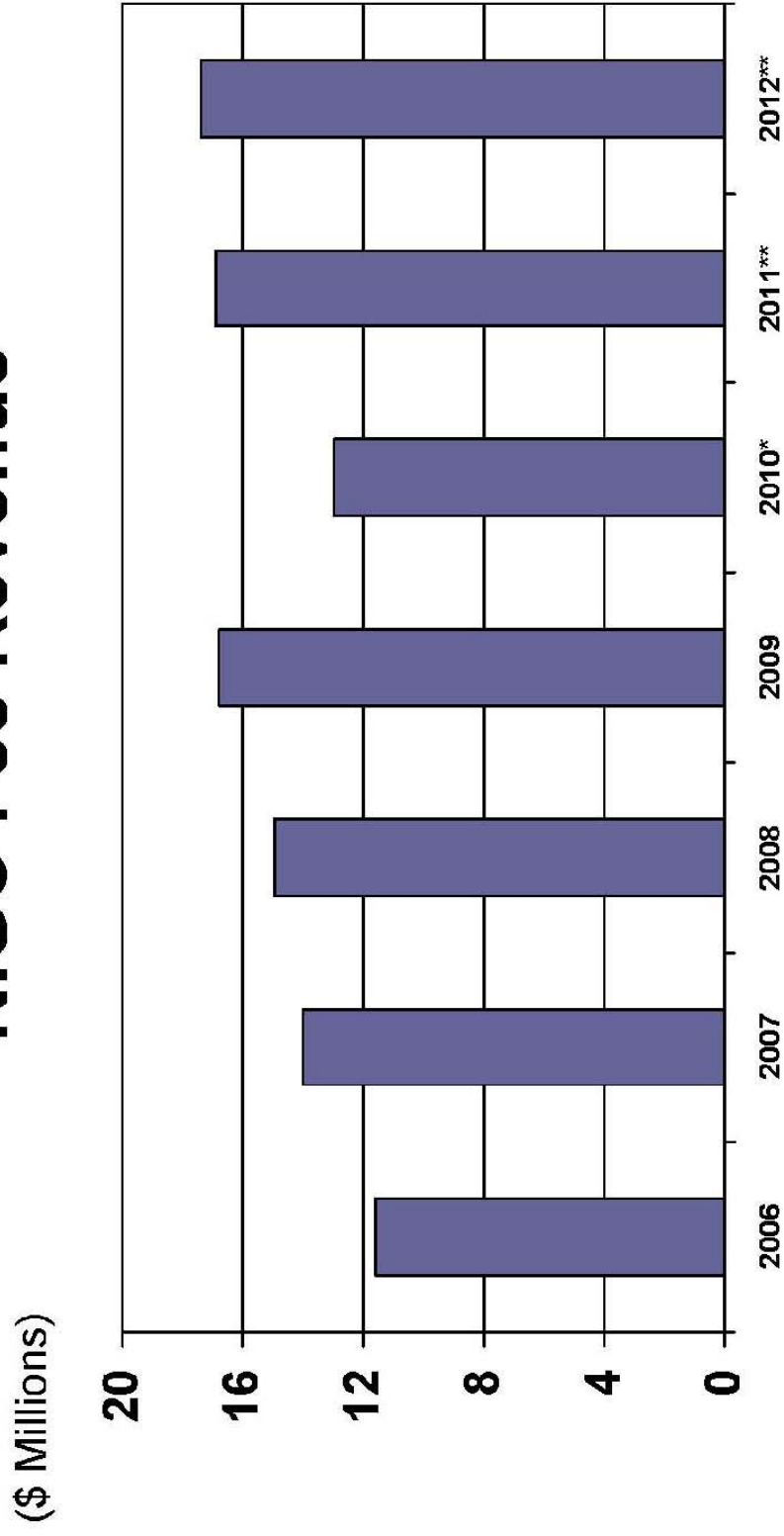
(\$ Billions)



Growth in Indian Gaming Operations



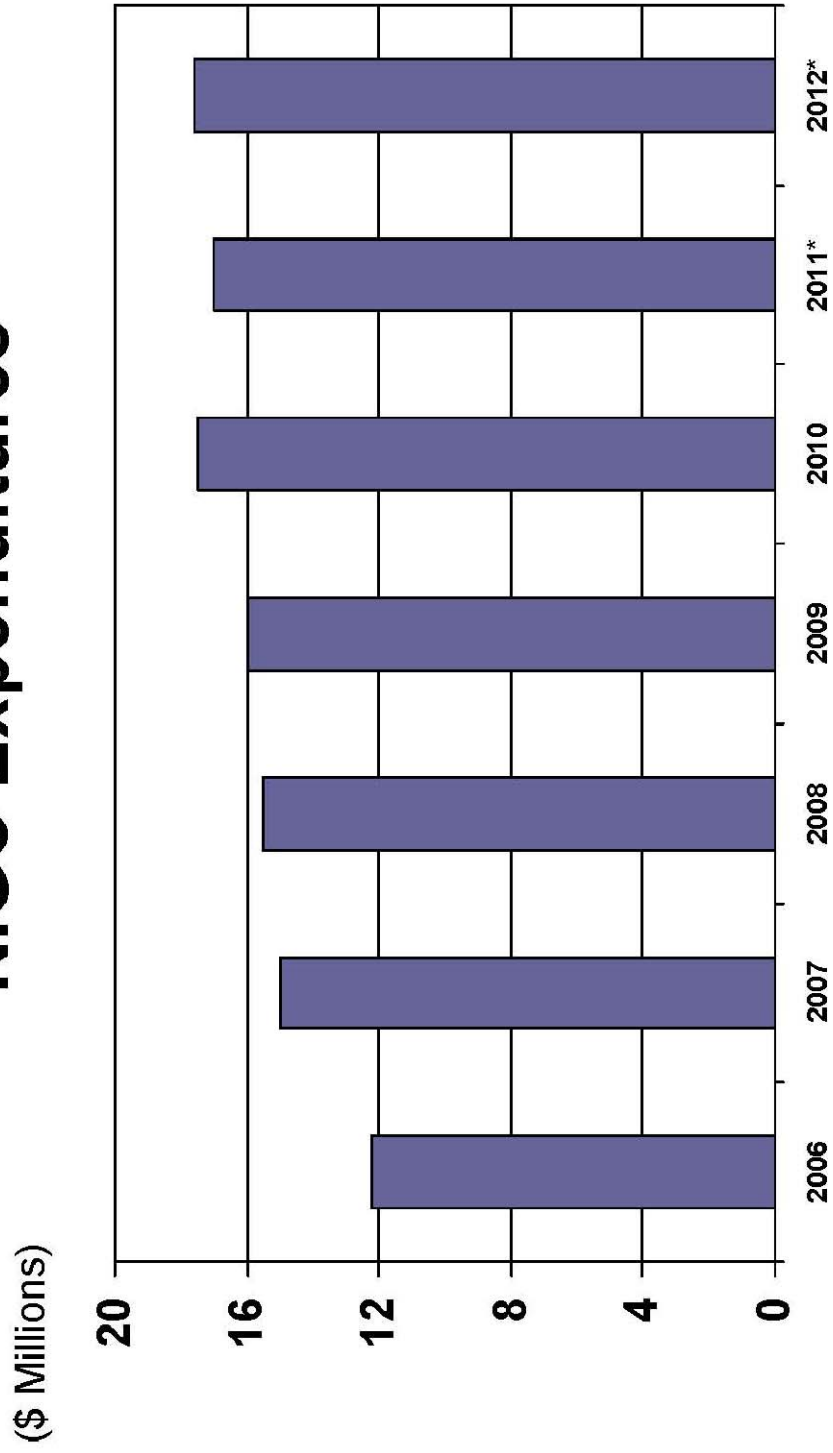
NIGC Fee Revenue



* Fiscal Year 2010 included only 3/4 of a year's payments

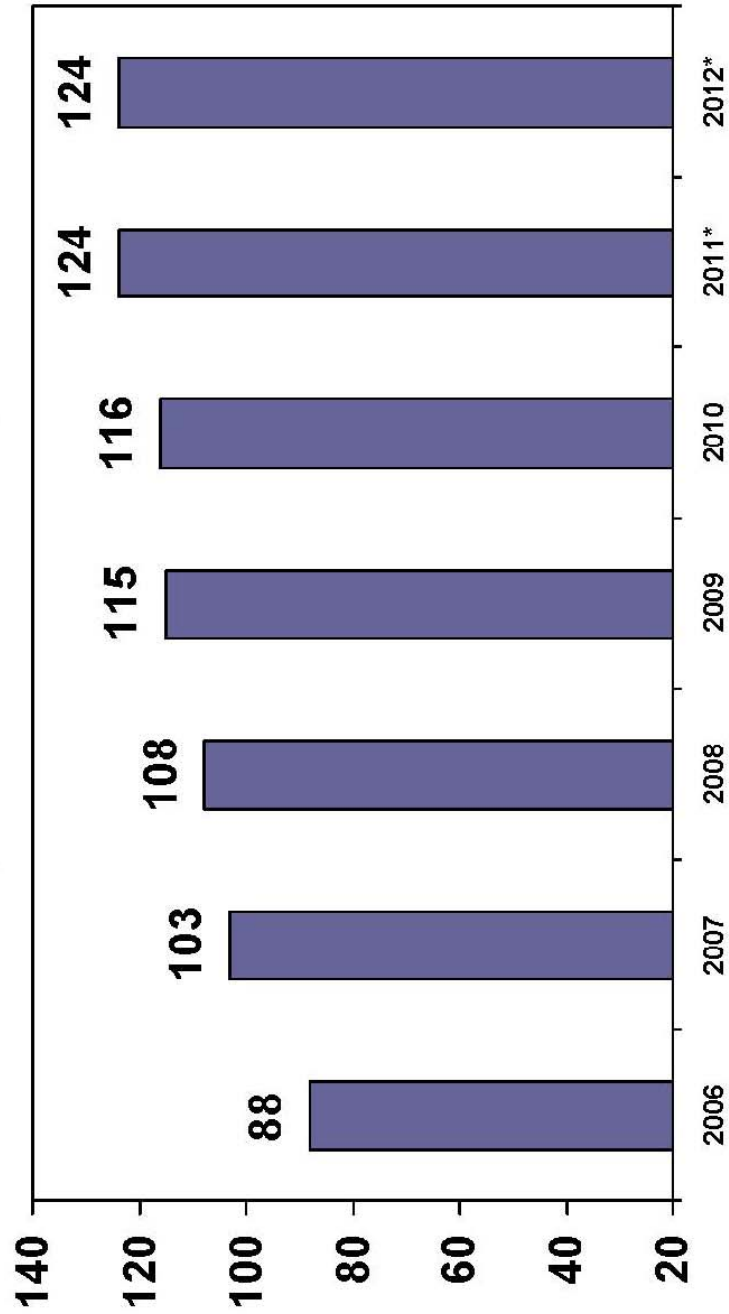
** Forecast

NIGC Expenditures



* Forecast

Staffing Levels (Number of Positions)



* Forecast

Government Performance and Results Act Information

In 2006, Congress amended the Indian Gaming Regulatory Act, 25 U.S.C. §§2701 – 2721, Public Law 100-497, and for the first time made the National Indian Gaming Commission subject to the Government Performance and Results Act of 1993 (GPRA), Public Law 103-62. That obligation is set out at 25 U.S.C. §2706(d)(1), which states: “In carrying out any action under this chapter, the Commission shall be subject to the Government Performance and Results Act of 1993.”

On September 30, 2007, the Commission filed its first GPRA performance and accountability report with the Office of Management and Budget (OMB). One year later, on September 18, 2008, the Commission released a draft five-year strategic plan for review and comment, and it published the final five-year strategic plan on January 8, 2009.

GPRA requires that an agency’s “strategic plan shall be updated and revised at least every three years” (5 U.S.C. § 306(b)). Consistent with this obligation and the Commission’s vision of adhering to principles of good government including transparency to promote agency accountability and fiscal responsibility, the Commission is in the process of reviewing, revising, updating, and improving its strategic plan.

Summary and Highlights of Commission Activities

The Commission's accomplishments during the past fiscal year include the following:

- Implemented the submission of fees and worksheets on a semi-annual basis, rather than quarterly basis, per the regulatory changes to 25 C.F.R. §514 that became effective December 31, 2009.
- In 2010, with the hiring of the gaming machine engineer, the NIGC was capable of tracking class II “grandfather” machines and provided training to the tribes that have or were obtaining new class II devices. The gaming machine engineer was also able to assist in monitoring for compliance with NIGC technical standards and providing training to NIGC employees and tribal governments.
- Commission personnel worked with an advisory committee composed of tribal representatives to establish a new set of minimum internal control standards (MICS) specific to Class II gaming. This work was undertaken in response to the need to develop a comprehensive set of regulations specific to Class II gaming that would be commensurate with 25 CFR Part 542 MICS. The proposed regulations address all Class II revenue centers, with the exception of those covered by the already existing Part 543.7 as well as the relevant support services. The NIGC is in the process of reviewing with the gaming community all of its regulations, inclusive of the recently drafted revisions.
- A program was established and implemented to perform audits of the gaming operations of twelve California tribes to assess compliance with NIGC minimum internal control standards. This work was undertaken in response to a request from twelve California tribes conducting Class III gaming for the Commission to assume responsibility for monitoring compliance with the NIGC minimum internal control standards (MICS). To carry out this program, eight abbreviated MICS audits and two comprehensive MICS audit were performed.
- Performed MICS audits specific to Class II gaming operations. Audit findings were included in reports that were provided to the audited tribes, subsequently identifying and implementing remedial action. Performed NIGC Fee audits of selected tribes.
- Increased the amount of formal training offered in all seven NIGC regions. The subjects of the courses offered were in direct response to tribal requests for specific training. Data was collected regarding 28 training sessions conducted in fiscal year 2010 through speaker evaluations and electronic surveys completed by attendees. The objective of the evaluations and surveys was to assess the effectiveness of NIGC's training program and to tailor future training to the needs of the tribes.
- Continued the design and implementation of a performance measurement and tracking system to comply with GPRA requirements.
- Performed internal audits of NIGC departments to increase the Commission's efficiency, effectiveness and compliance with Federal regulations.

- The NIGC Chairperson(s) approved: six contracts; one amendment to an approved contract; and modifications to the list of individuals and entities with a direct or indirect financial interest in, or management responsibility for contracts with five tribes involving 21 individuals. This included conducting financial background investigations on certain persons and entities associated with the management contractors. The Commission billed 4,500 hours to the management contractors.
- During fiscal year 2010, the Commission processed 56,761 fingerprint cards for tribal gaming commissions. In addition, the NIGC conducted 20 environmental public health and safety (EPHS) site visits, and offered 15 EPHS classes that were attended by over 275 people.

The Commission's four primary initiatives include:

Consultation and relationship building with tribal governments, technical assistance and training, regulatory review, and internal operations review. Specifically:

- Continues developing and distributing a wide range of internal Commission administrative and personnel policy chapters, including manuals for the individual divisions/offices.
- Continues working on the implementation of the NIGC equal employment opportunity program.
- Continues working with tribes on the Tribal Access Portal (TAP), a database that enables tribal gaming regulators engaged in issuing gaming licenses to check the history of license applicants relative to other gaming tribes. Along with information provided by the NIGC/FBI fingerprint submission service, the TAP system assists tribes in completing their own comprehensive background investigations of prospective license applicants.
- Continues to develop a tracking system among the various NIGC divisions and regional offices in order to develop, implement, and monitor the annual budget.
- Continues to work with NIGC divisions and regional offices to track fee payments.
- Continues to provide individual gaming operations with updated fee statements on a semi-annual basis.
- Continues to provide training to tribes within all seven NIGC regions, continues to facilitate voluntary compliance throughout all regions, and continues to maintain good working relationships with tribes, Federal and state law enforcement agencies, and state regulatory agencies.
- Continues to perform MICS audits specific to Class II gaming operations.
- Continues to respond to requests from tribal gaming operators and regulators for training on the MICS and other Commission regulations specific to fees, audited financial statements, and Agreed-Upon Procedures Reports. Commission personnel conduct training that is generally held at a tribal gaming operation, and consists of one-to-three days of instruction.
- Continues to respond to invitations from various trade organizations or other governmental entities (such as the Institute of Internal Auditors, National Indian

- Gaming Association, etc.) seeking a presenter to speak regarding Commission regulations.
- Continues to update a database to accumulate financial data from the gaming operations' audited financial statements and AUP Report filings; the database is intended to enhance agency decision making.
 - Continues performing internal audits of NIGC departments to increase the Commission's efficiency, effectiveness and compliance with Federal regulations.
 - Continues to review management contracts and amendments to management contracts.
 - Continues to process fingerprint cards for tribal gaming employees as they are submitted by the tribal gaming commissions. Upon request, the NIGC also offers EPHS classes and conducts site visits.

As part of its program objectives for fiscal years 2011 & 2012, the Commission plans to:

- Continue the development of the Commission's internal administrative and personnel manual, and develop and implement related training programs.
- Continue to populate the Commission website with up-to-date Commission material, data, and training videos.
- Conduct at least one training event per year in each of the seven regions.
- Continue to respond to requests for technical assistance to tribes, and increase both the amount and breadth of technical assistance provided.
- Continue to perform MICS and other types of compliance audits for the purpose of ensuring the internal controls of tribal gaming operations are commensurate with that of the gaming industry.
- Continue to implement the requirements of GPRA, including the development and implementation of a performance measurement system. Publish a performance report for fiscal year 2011.
- Improve the effectiveness and efficiency of the Indian Gaming Working Group (IGWG).
- Maintain a consistently high level of compliance for the submission of gaming activity fees and external year-end audits through continued monitoring and contact with gaming tribes, with an emphasis on voluntary compliance.
- Improve operational efficiency through the electronic conversion of documents, forms and manuals.