

THE WHITE HOUSE

WASHINGTON

July 11, 1994

Dr. Mark W. Lusk
Social Work Department
Boise State University
716 Education Building
1910 University Drive
Boise, Idaho 83725

Dear Dr. Lusk:

Thank you for sending me the report you co-authored on welfare reform in Wyoming. I found it to be thorough, insightful and helpful to our national welfare reform efforts.

Wyoming's welfare reform story was of particular interest to me because of the pilot plan's striking similarities with the Clinton proposal and its early predictions of success. I expect Wyoming's experiment will be worthy of continued attention, particularly as an example of how rural areas should approach welfare reform.

Next time I'm in Boise, I will try to take you up on your invitation to visit the campus. Best wishes to you and continued good luck in your work.

Sincerely,


Bruce Reed

Deputy Assistant to the President
for Domestic Policy

As one of the few Idahoans in the Administration, I was proud to hear from you. Thanks for your insights!

June 30, 1994

DACCIA -
good -
thanks

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1910 University Drive
Boise, Idaho 83725

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Sincerely,

Bruce Reed
Deputy Assistant to the President

Dacia -
Excellent.
Let's send Lusk
a nice letter.

REPORT SUMMARY

New Opportunities, New Responsibilities: Welfare Reform in Wyoming

authored by Mark W. Lusk (Boise State University -- he sent Bruce the report)
and Joseph D. Nies (Wyoming Dept. of Family Services)

Published in the Journal of Sociology and Social Welfare, 1994

The paper opens with a lengthy discussion of the major ideological shifts in the welfare debate over the last three decades (The Democratic Leadership Council was credited as seeking to "reinvigorate the political center and to forge policy not on the ideological orthodoxies of the past, but on a pragmatic pursuit of policies that work.") The paper then cites a 1991 MRDC study by Gueron and Pauly which offered a five-year national review of dozens of welfare-to-work programs. (Bruce - you may already be familiar with these findings, but I've summarized some of the major points of interest just in case).

- "Almost all of the welfare-to-work programs studied led to earnings gains. This was true for both low and high cost programs and services, and for broad coverage and selective voluntary programs." (The results were particularly remarkable because the positive findings occurred during a national recession which may have masked even more profound employment effects).

- improvements in earnings had a lasting impact of at least three years

- programs which had a universal mandatory job search component more consistently increased earnings and employment rates

- while welfare-to-work programs initially cost more than conventional assistance programs, these investments were usually "...offset by savings in expenditures and tax increases." (For example, the San Diego Saturation Work Initiative Model (SWIM) achieved a three dollar return for every dollar invested.)

Wyoming's Welfare Reform

Wyoming's welfare reform story is of particular interest because of the state-plan's striking similarities with the Clinton proposal and its early predictions of success. Although Wyoming's experiment resembles more of a typical "workfare" model with no time limit on benefits, it shares an emphasis on job placement, higher asset limits, investments in training and education, child support, and self-sufficiency through work.

In response to a protracted statewide recession and a subsequent strain on public resources, Gov. Sullivan proposed a welfare reform package in December 1992. In three pilot counties, all able-bodied AFDC recipients are required to work or to perform community service. Recipients can be exempted only if they are enrolled in an approved education or training activity that involves at least 40 hours/week. To reinforce work incentives, the allowable resource limit was raised from \$1000 to \$2500, and participants are provided with work essentials such as clothing, tools, transportation, and, most importantly, child care. Caseworkers provide counseling and support to those clients entering or designated to enter the workforce; recipients who cannot find employment after a "reasonable period" are referred to community service work by the Employment Service.

The education and training option is provided for those who lack the job skills to compete in the labor market. A case manager and the client jointly develop an individualized self-sufficiency plan which outlines the projected path to employment (Does

this sound strikingly familiar?). Training and education options substantially exceed the minimal requirements of the JOBS program and include: job search and readiness training, remedial education, adult education, vocational education, and higher education. The substantial expenses of the training component are reportedly offset by long-term reductions in case rolls. Furthermore, strengthened child support enforcement is a cornerstone of Wyoming's welfare reform plan. Wyoming allows for voluntary income withholding when possible, supplemented by court-ordered deductions when it is not. District courts may order able-bodied absent parents of children on AFDC who are unable to fulfill a court-ordered child support obligation to participate in the state's JOBS program (Wyoming Opportunities for Work).

In an effort to make communities stakeholders in the success of the poor, the Wyoming plan establishes task forces in each of the three workfare pilot counties to coordinate activities leading to the employment of AFDC recipients. Appointed by mayors and county commissioners, each task force includes representatives from the private sector and delegates from four state departments: Family Services, Education, Employment, and Health. Furthermore, in an effort to be more results-oriented, rather than process-oriented, the Wyoming reforms seek to reduce paperwork, bureaucratic roadblocks and AFDC monthly reporting requirements.

Wyoming's experiment may prove insightful and worthy of continued attention, particularly as an example of how rural areas should approach welfare reform (Wyoming is the least densely populated state). The paper reiterates the additional factors which complicate welfare reform in rural areas: (1) limited employment opportunities, (2) lower educational and vocational achievement, higher rates of illiteracy, and greater proportions of the particularly disadvantaged, and (3) minimal economic assistance and social service delivery systems and infrastructure.

In sum, Wyoming welfare reform stresses: independence through employment; investment in education, college, training, and job skills for work; extending the penalty for fraud; increasing the resource limit for working AFDC recipients; and strengthening families through child support. To date, the reform has shown promising results. In the first six months of the initiative, the total caseload dropped by more than 7 percent statewide (this statistic seems rather dubious considering the pilot reforms were limited to three counties). Clients moved into the workforce at an unprecedented rate, and child support collections accelerated with estimated savings to the state of \$5-6 million in the first biennium.



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SOCIAL WORK DEPARTMENT
716 EDUCATION BUILDING

TELEPHONE: (208) 385-1566

Mr. Bruce Reed
Policy Analyst
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

April 12, 1994

Dear Mr. Reed:

Late last year I sent a copy of the enclosed paper to the President in hopes that a member of the staff would have an opportunity to glance at it as your administration prepares a welfare reform proposal. Since then I have learned of your leadership in the welfare reform debate and am sending a copy for your perusal.

I would welcome the opportunity to be a resource to the President's Task Force on Welfare Reform. In addition, I would mention the name of Professor David Stoesz of the San Diego State University School of Social Work whose book, Reconstructing the American Welfare State advances the most coherent set of welfare reform proposals I have seen to date. A copy of the frontispiece is enclosed for your reference.

I hope that in your next visit to Idaho you will accept our invitation to visit the campus of Boise State University. In such an event I would invite you to speak to students, faculty, and the community on your work on President Clinton's proposals for welfare reform.

Best wishes for success in this important endeavor.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark W. Lusk'.

Mark W. Lusk
Professor and Chair

cc. David Stoesz



BOISE STATE UNIVERSITY • 1910 UNIVERSITY DRIVE • BOISE, IDAHO 83725

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716 EDUCATION BUILDING

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Mark W. Lusk
Professor and Chair

cc. David Stoesz

Reconstructing the American
Welfare State

David Stoesz
and
Howard Jacob Karger

with a Foreword by
James O. Midgley

Rowman & Littlefield Publishers, Inc.

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**New Opportunities, New Responsibilities:
Welfare Reform in Wyoming**

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Accepted for Publication in the
Journal of Sociology and Social Welfare
1994

**New Opportunities, New Responsibilities:
Welfare Reform in Wyoming**

ABSTRACT: Early experiments with welfare-to-work programs and other welfare reform initiatives had disappointing results, but successful state trial programs since the Family Support Act of 1988 are changing the prevailing wisdom. With positive evidence that reform can enhance self-sufficiency, many states are embarking on a redefinition of public assistance. Wyoming, a conservative frontier state, is implementing a welfare reform plan that incorporates components shown to be successful elsewhere. In addition to enhanced child support enforcement and workfare, Wyoming welfare reform stresses job preparation, education, and training up to the university level. Degree programs utilize the state's video teleconference network and are adapted to the rural context.

In late 1992, Governor Mike Sullivan proposed an experiment in welfare reform for the State of Wyoming. Noting the rapid rise in the state AFDC caseload, erosion of public support for traditional welfare programs, and limited state revenues, he advanced a reform strategy that is designed to promote self-sufficiency, stem caseload growth, and reduce welfare dependency. The Governor's proposal, subsequently enacted as law in early 1993, reflects an accelerating national trend by state governments to redefine the welfare contract by changing its emphasis from public assistance to self-sufficiency. This one state's reform initiative is but the latest reflection of a profound ongoing change in welfare policy in the United States.

The Welfare Reform Debate

P.T. Bauer contends that, "...in politics, myth is all" (1981, p.1). No set of social policies in America has generated as much debate as welfare reform; much of it has been based on myth and ideology. Only recently has it been possible to pierce the ideological haze. Two factors account for the change. First is the key provision of the Family Support Act of 1988 which allows for state waivers to federal program requirements permitting state governments to experiment with AFDC programs. This bill, which received broad bi-partisan support, has resulted in dozens of state waivers and experiments which have completely altered the traditional incentive structure of public assistance and changed the terms of the welfare reform debate. Many such experiments have incorporated reciprocal contracts between

clients and agencies such as workfare, training, and community service.

A second factor making it easier to go beyond the ideological level in the welfare reform debate is the proliferation of scientific studies which objectively evaluate reform programs. Now it has become possible for state governments to learn from each other which program designs are most effective in pursuing a goal which constituents from all sides of the ideological debate seem to agree is a reasonable aim of social welfare programs: the promotion of client self-sufficiency.

The Policy Context

Although there is widespread agreement about the ends of public assistance, until recently there has been little consensus about the means. At one extreme are those who have contended that public assistance is a "right" of citizenship (Marshall, 1981), that the role of social workers and economic assistance workers is to assert that it is government's responsibility to assure a minimum standard of living for its citizens (Nichols-Casebolt & McClure, 1989), and that welfare programs, especially workfare, are designed for failure in order to support capitalism, patriarchy, and white supremacy (Miller, 1989). Most from this school of thought see welfare as an entitlement which should be much better funded and should involve no reciprocal obligation by the recipients (DiNitto, 1993). It is also argued by proponents of this approach that welfare reform, especially workfare, is fraught with problems and bound to fail because it does not

address the true basis of poverty (Segal, 1989; Abramowitz, 1988).

Those at the opposite end of the ideological continuum assert that public assistance, rather than providing for the poor, has actually increased poverty (Mead, 1986) and that the poor are so because of a set of social pathologies including an absent work ethic, lack of aspiration, single parenthood, drugs, and crime (Rector, 1992). Within this school of thought are those who advocate for a complete dissolution of the welfare state (Murray, 1984) and others who think that public assistance should be a large scale behavior modification program to correct "behavioral poverty" (Rector, 1992).

In the decades of the 1960's and 1970's, social policy tended to be closer to the first pole than the latter. During the War on Poverty period in particular, programs were designed under the assumption that the poor were so due to circumstances beyond their own control. Liberal poverty policy sought to address the structural basis of indigence through community development programs (e.g. Small Business Administration, Office on Economic Opportunity), while ameliorating family poverty with unconditional grants-in-aid. The conservative revolution of the 1980's reversed the trend and social policy approximated the views of the latter pole by emphasizing traditional values of reciprocity, productivity, work, and family (Karger and Stoesz, 1990). It was asserted that government welfare programs acted as a disincentive to both work and family cohesion (Butler and

Kondratas, 1987). Thus, benefit levels were rolled back and, although total expenditures on public assistance continued to expand, the rate of growth of federal welfare expenditures was scaled down. Some traditionally-federal responsibilities were transferred to state governments and selected programs were eliminated altogether (Romig, 1991).

By the end of the 1980's, a new bi-partisan consensus on welfare emerged in the center and the traditional gulf between liberals and conservatives on social policy was reconceptualized. This was partly a result of the advent of neo-conservatism and neo-liberalism--pragmatically-oriented political philosophies that shunned traditional party ideology. During President Bush's administration, a group of progressive conservatives, including HUD Secretary Jack Kemp and Education Secretary Lamar Alexander, sought to redefine Republican social policy under the rubric of the New Paradigm group (Galston, 1991). Although tenets of traditional conservatism were present (such as a preference for small government and a resistance to taxes), other new elements of the approach included the view that government should empower citizens, that the federal government has a central role in poverty policy, that bureaucracies should be decentralized, and that many government programs (such as public housing) should be privatized.

At the same time, a new wing of the Democratic party was emerging which stressed individual responsibility, reciprocity, civic duties and obligations, free market enterprise, social

choice, and national service (Marshall, 1992). Organized in the early 80's under the Democratic Leadership Council, of which then Governor Clinton was a founding member, the group sought to reinvigorate the political center and to forge policy not on the ideological orthodoxies of the past, but on a pragmatic pursuit of policies that work. The so-called "New Democrat" approach rejects big government in favor of choice, competition, reciprocity and market incentives. A view that became widely popular during the past decade is that "...the kind of governments that developed during the industrial era, with their sluggish, centralized bureaucracies, their preoccupation with rules and regulations and their hierarchical chains of command no longer work very well (Osborne and Gaebler, 1992; pp. 11-12).

The trend of many traditional liberals to move to the center was also strengthened by events in Europe. The rapid dismantling of the formerly socialist nations of the Warsaw Pact lent credence to those who were contending that state socialist ideologies were rapidly becoming extinct. A view of benevolent states acting in the public interest came to be seen as naive and anachronistic in countries from Europe to Latin America (Lusk, 1992). In addition, the "model" welfare states of Britain and Sweden began to reduce benefits, privatize services, and redefine the notion of unconditional social entitlements as a right of citizenship (Barrett, 1993; Marklund, 1992).

Indicative of a new consensus on welfare was a June 1993 speech by Health and Human Services Secretary Donna Shalala. In

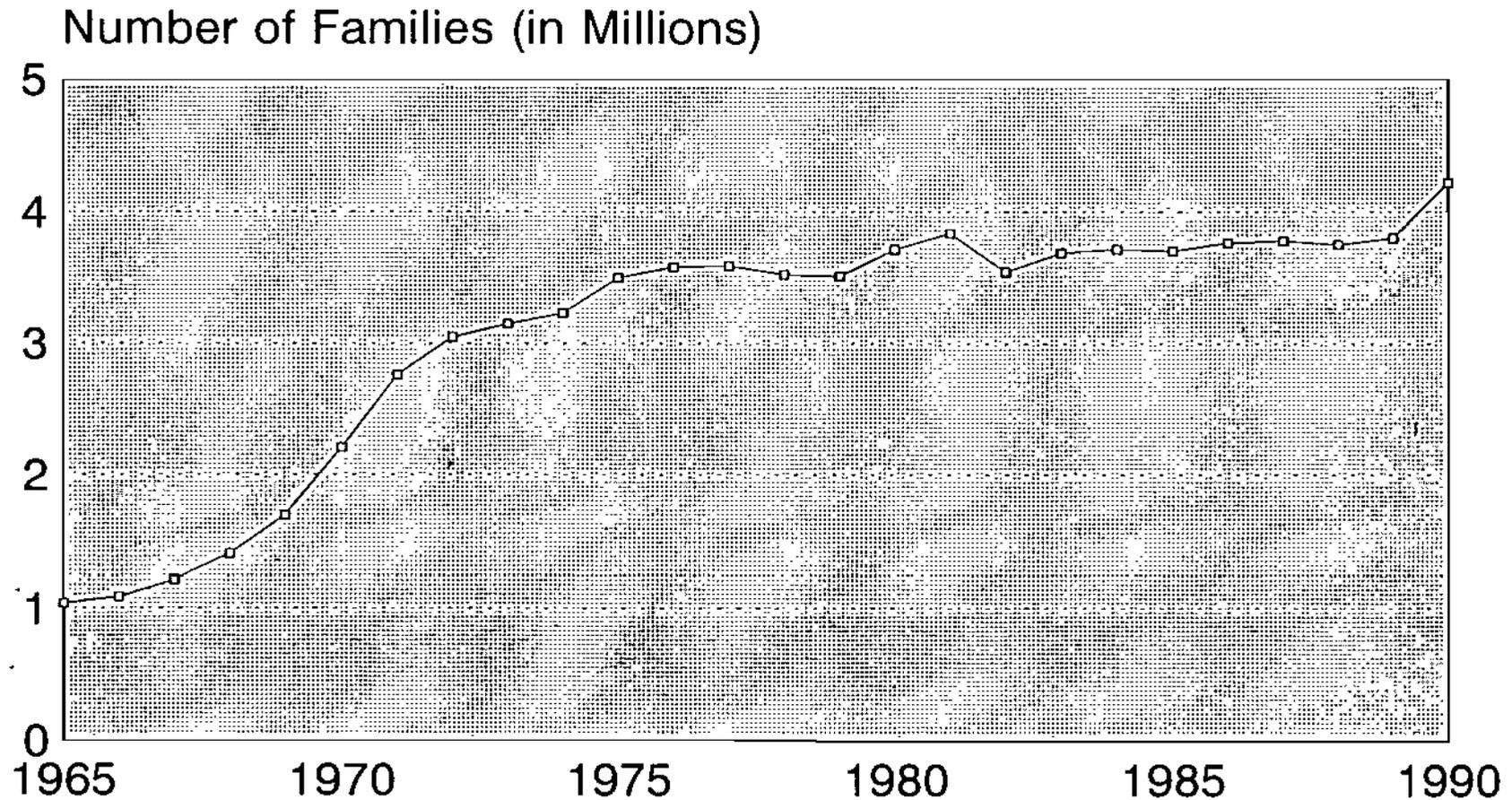
a significant departure from previous Democratic administrations, she said, "I don't think we should subsidize poor mothers who stay out of the workforce when working class mothers are going into the workforce" (Shalala, 1993).

The changing political context of the past decade made welfare reform in the United States possible. Virtually every president since John Kennedy advocated for a major overhaul of the welfare system and none was successful in altering the incentive structure nor stemming the growth of the client case-load (See Figure 1). But by 1988, a consensus had emerged between the parties on the failures of the welfare state, thereby making the passage of the Family Support Act possible.

State Experiments in Welfare Reform

Given the new latitude provided under the Family Support Act to conduct large scale experiments in the administration of AFDC programs, many states embarked on initiatives that changed the terms of the contract in family assistance from entitlement to exchange. Wyoming's current welfare reform measure represents the latest initiative in this national trend. State governments were required by federal statute to establish Job Opportunities and Basic Skills (JOBS) programs by October 1990 and all had such programs in place by that time (Clinton and Castle, 1991). JOBS, a limited welfare-to-work program, requires states to provide clients with basic education, job training, job search skills, as well as job development and placement. All non-exempt AFDC recipients are required to participate in employment and training

Figure 1:
Average Monthly Number of Recipients,
Aid to Families with Dependent Children, USA



Sources: Social Security Annual Statistical Supplement, 1991
Statistical Abstract of the United States, 1992

activities when child care services are available. Although the JOBS program does not include funding for large scale job creation through economic development, it has at least had the effect of putting workfare back into the mainstream of welfare policy.

Within this legislative framework, several states have experimented on a large scale with workfare and, in contrast with the pessimism of social work academics who had vigorously asserted that workfare was bound to fail (cf. Abramowitz, 1988; Segal, 1989; Sanger, 1990), many of the experiments showed promising results.

Early reviews of workfare evaluations had shown that a major obstacle to the success of welfare-to-work programs was access to child care (Dickinson, 1986); this obstacle was addressed in the Family Support Act which requires that states guarantee participants with adequate and appropriate child care (Segal, 1989). Programs such as Work Incentive (WIN) had also been criticized as "make work" programs that did not generate the higher paying positions needed for long term success. Although some experiments, such as the California Work Experience Program (CWEP), showed modest improvements in employment and income, the workfare efforts of the 1970's were generally disappointing.

Under the provisions of the Family Support Act, however, state experiments began to succeed more often than fail. In the most comprehensive review of such workfare programs yet published, Gueron and Pauly (1991), noted that, "Almost all of the

welfare-to-work programs studied led to earnings gains. This was true for both low and high cost programs and services, and for broad coverage and selective voluntary programs" (p. 26). Gueron and Pauly's work for the Manpower Demonstration Research Corporation (MRDC) involved a five year national review of dozens of welfare-to-work programs. Among their more important results was the finding that improvements in earnings had a lasting impact of at least three years. Programs which had a universal mandatory job search component more consistently increased earnings and employment rates because they reached more people and acted as a deterrent to remaining on welfare. These results did not surprise economic assistance workers and others who work directly with AFDC families. Despite myths to the contrary, AFDC recipients prefer work over welfare and actively seek to be involved in the labor force when the obstacles of child care and health care can be overcome (Kerlin, 1993).

A cost savings to government budgets was also observed. While welfare-to-work programs initially cost more than conventional public assistance programs, these investments were usually "...offset by savings in expenditures and tax increases" (p. 33). The San Diego Saturation Work Initiative Model (SWIM) was particularly effective in this regard. Every dollar invested yielded a three dollar return (Gueron and Pauly, 1991). The MRDC research was corroborated by Moffitt (1991), who found that the total earnings of welfare participants often increased significantly. What is remarkable about the positive findings is that they

occurred during a national recession which may well have masked even more profound employment effects.

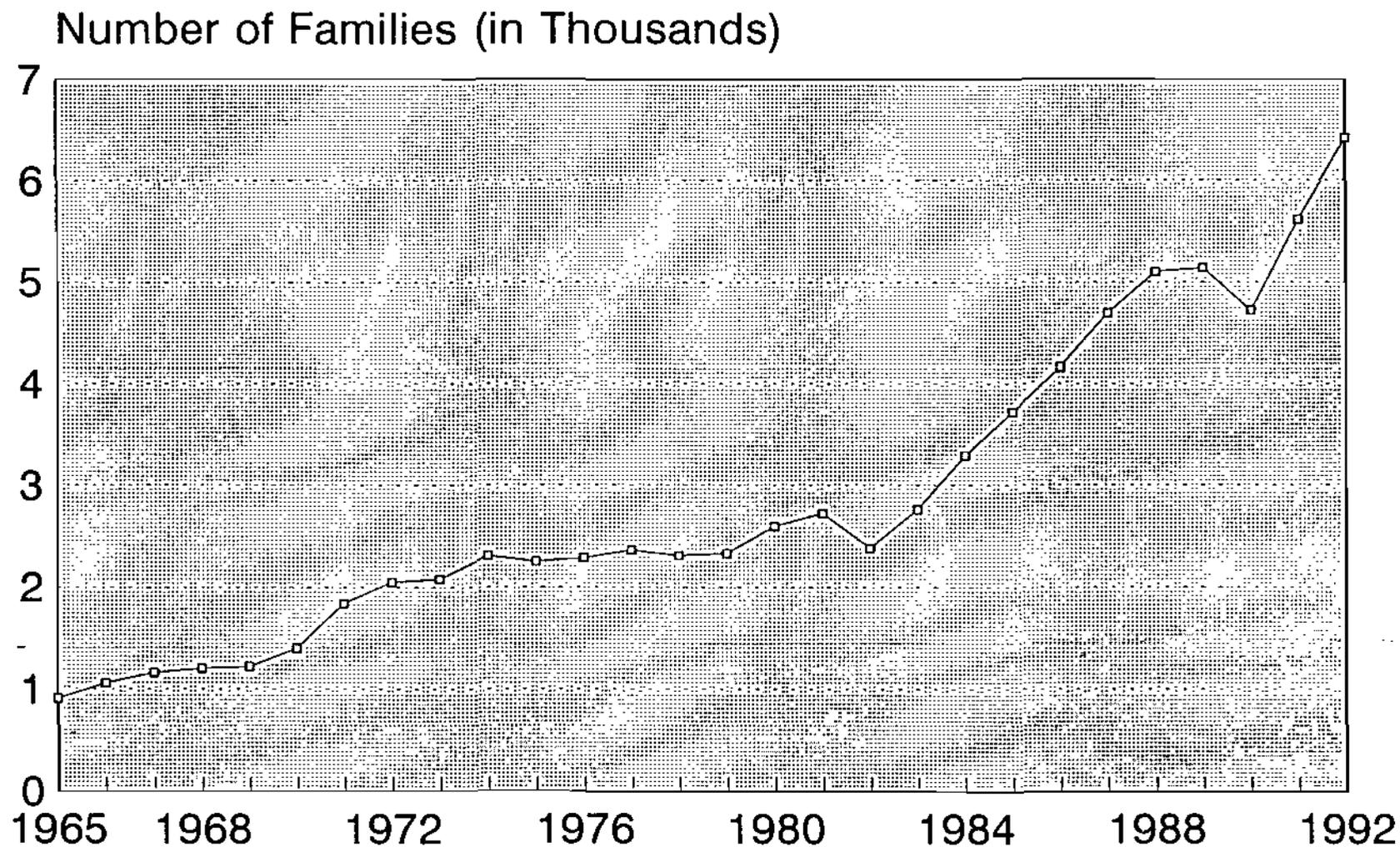
The Wyoming Context

Wyoming, like the rest of the union, has experienced rapidly growing AFDC caseloads (see Figure 2) and increasing budgetary allocations for public assistance. Public support for welfare programs as traditionally defined is minimal. Wyoming has a strong cultural tradition of self-reliance and rugged western individualism that stands in stark, if not schizophrenic, contrast to the harsh economic realities of the state. Few have done well in the state over recent years and the national recession has been felt even more acutely in Wyoming.

While the state enjoyed a period of strong economic growth during the seventies, the past decade has been one of marked economic decline. Total employment dropped steadily during the period and state per capita income growth fell below national per capita income growth every year during the past ten (Department of Administration & Information, 1992; p. 22). Many of the state's youth have been compelled to migrate out-of-state for employment; overall, the state population fell from 469,557 in 1980 to 453,588 in 1990 (Department of Administration & Information, 1992).

The state's economic situation is most commonly linked to the decline in production of minerals, petroleum, and natural gas as well as an unstable market for agricultural products. State revenues are tied directly to the well being of these industries.

Figure 2:
Average Monthly Number of Recipients,
Aid to Families with Dependent Children, Wyoming



Wyoming draws the largest portion of its revenue from mineral severance taxes as there is no income tax and property and sales taxes are very low. Severance tax revenues and total tax revenues have also decreased over the decade. One effect of this protracted period of economic decline is that the poor of Wyoming have had access to a very weak labor market. In addition, without a diverse revenue portfolio, Wyoming state-supported programs face continuing pressure from elected officials to reduce costs and improve efficiencies. Public welfare is no exception.

Wyoming Welfare Reform

In this pressing environment, the Family Support Act has provided an opportunity for the state to experiment with welfare reform. Thus, in December 1992, Governor Sullivan proposed a welfare reform package that was enacted into law by the legislature in early 1993. The Governor's rationale was the limited revenue base to support state programs, erosion of public support for welfare, dependency of recipients, and legislative initiatives to limit benefit levels (Office of the Governor, 1992). The bill required federal waivers which were obtained shortly after the Governor hand-delivered the measure to President Clinton in May 1993.

Key elements of the Wyoming welfare reform package include a trial workfare program. In three pilot counties (Natrona, Campbell, Carbon), all able-bodied AFDC recipients are required to work or perform community service. Recipients can be exempted from this requirement if they are enrolled in an approved educa-

tion or training activity that involves at least forty hours per week. The Department of Family Services (DFS) collaborates with the Department of Employment (DOE) in providing employment-related services to assist AFDC clients obtain work. To reinforce working clients, the allowable resource limit was raised from \$1000 to \$2500 and clients are provided with work essentials such as clothing, tools, transportation, and most importantly, child care. DFS and DOE staff are to provide counseling and support to those clients entering or designated to enter the work force. In addition, employers are encouraged to provide job coaching to help the recipient entering the workforce or adjusting to a new job. Recipients who cannot find employment after a reasonable period are referred to community service work by the Employment Service.

The education and training option is provided for those who lack the job skills to compete in the labor market. A case manager and the client jointly develop an individualized self-sufficiency plan with the goal of employment and the means to that end are designated. Training and education options go well beyond the minimal requirements of the federally-mandated JOBS program and include: job search and readiness training, remedial education, adult education, vocational education, and higher education. What distinguishes the Wyoming training component from the national norm is its inclusion of university degree training as an option. Clients may be trained in one vocational preparation or college degree program only. The legislation

limits AFDC and Medicaid benefits to six months after a client successfully completes a vocational, two year, or four year college program. The restriction does not apply to otherwise eligible children.

The high fiscal impact of the training component is being offset by long term reductions in case rolls. In addition, the Wyoming legislature established the AFDC payment standard at 87.5% of the standard of need (SON) - commonly referred to as a ratable reduction of the SON.

Another ingredient of the Wyoming reform effort is assisting recipients become self-sufficient by strengthening child support enforcement. The Wyoming position is that effective collection of child support is a cornerstone of welfare reform (Office of the Governor, 1992). Early reports on the Clinton Administration's welfare reform proposal also stress collecting support from absent parents. The Administration, noting that national AFDC caseloads in 1993 have reached a total of 5 million families, asserts that strict enforcement of child support will be key to federal welfare reform (Clinton team, 1993). The Wyoming plan includes voluntary income withholding when possible supplemented by court-ordered mandatory deductions when it is not. District courts may now order able-bodied, unemployed absent parents of children on AFDC who are unable to fulfill a court-ordered child support obligation and who reside within the state to participate in the state's education, employment, and training program for AFDC recipients. Under the JOBS program, or Wyoming

Opportunities for Work (WOW), as the JOBS program is known in Wyoming, unemployed absent parents receive the same assistance in job search, work readiness, employment training, and education as AFDC clients. This sends not only the message that the state is serious about enforcing parental responsibility, but also that the state is willing to provide the mechanisms and support for placing both parents in the labor force. Other child support legislation enacted by the welfare reform effort include:

- o changing child support guidelines to presumptive child support amounts;
- o establishing paternity by voluntary acknowledgement or by court action;
- o counting the income of both parents in setting the amount of child support;
- o voluntary income withholding for child support payments can be withdrawn only when all arrearages are paid, and;
- o limiting conditions for petitioning a stay of an income withholding order.

Because it is important that communities be stakeholders in the success of the poor, the Wyoming reform establishes task forces in each of the three workfare pilot counties to coordinate activities leading to the employment of AFDC recipients. Appointed by mayors and county commissioners, each task force includes representatives from the private sector and delegates from four state departments: Family Services, Education, Employment, and Health. Such task forces sensitize community leaders to AFDC clients' needs and abilities and remove roadblocks to

self-sufficiency. Local leaders are in a better position to know their communities and promote economic development.

Recognizing that the public assistance system itself is in need of reform, the Wyoming plan has undertaken to significantly reduce paperwork, bureaucratic roadblocks, and AFDC monthly reporting requirements. Osborne and Gaebler (1992), have stressed results-oriented rather than process-oriented government. While organizations in the private sector survive by performance and efficiency measures, it is often the reverse with public agencies. The traditional presumption of process-oriented bureaucratic models of government has been that greater caseloads require additional funding; poorer schools need more resources, and dangerous neighborhoods lack sufficient police officers. More public agencies are turning this logic upside down by rewarding success and the Wyoming reform reflects this trend.

To date, the reform has shown promising results. In the first six months of the initiative, total caseload dropped by over 7% statewide even though the trial was limited to three counties. Clients moved into the workforce at an unprecedented rate and child support collections accelerated with an estimated savings to the state of \$5-6 million in the first biennium.

In sum, Wyoming welfare reform stresses: independence through employment; investment in education, college, training, and job skills for work; strengthening families through child support; extending the penalty for fraud; and increasing the resource limit for working AFDC recipients.

Looking Forward

As the least densely populated and most rural state in America, Wyoming faces special challenges in adapting welfare reform to its unique, frontier context. Welfare-to-work programs are designed with the assumption of a stable and diverse labor market, a level or growing economy, sufficient density of population and industry to support a varied work force, and an AFDC caseload that provides an economy of scale for implementing major program changes and reform (Gueron and Pauly, 1991; Whitener, 1991; Harper and Greenlee, 1991). Some of these conditions are not present in Wyoming's rural counties.

Although about 295 thousand of Wyoming's 454 thousand residents live in "urban" areas of 2,500 or more (65%), most of these reside in one of four metropolitan areas: Casper, Cheyenne, Laramie, and Jackson. Only one Wyoming "city" (Cheyenne) exceeds a population of 50,000 and it does so by only eight people! Fully 35% of Wyomingites live in rural areas--many in isolated frontier communities with populations of less than 100 residents.

Whitener (1991) has observed that rural areas must contend with three complicating factors in making welfare reform successful: 1) limited employment opportunities, 2) lower than average educational characteristics of rural populations, and 3) the inadequacy of the local social service delivery system. He notes that rural environments are characterized by high unemployment, limited job opportunities, and isolated rural conditions which may serve as a disincentive for business growth. He also ob-

serves that rural Americans have lower educational and vocational achievement, higher rates of illiteracy, and greater proportions of the particularly disadvantaged. Finally, he comments that economic assistance and social services delivery systems and infrastructure are often minimal in isolated rural settings.

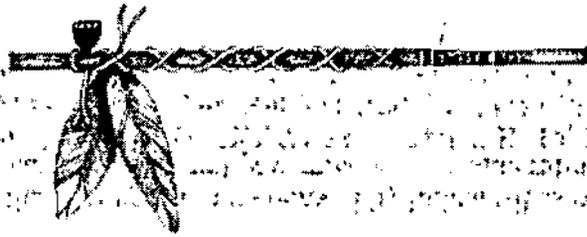
All of these factors complicating welfare reform in rural areas will ultimately have to be confronted in Wyoming if the state's plan is to be successful over the long term. Yet the situation is not as grim as might be anticipated. With respect to education and training opportunities, Wyoming is well ahead of other rural regions, such as Appalachia, where welfare reform has been hampered by the inaccessibility of schools and colleges (Harper and Greenlee, 1991). Wyoming has a major university with campuses in two cities as well as seven community colleges which are evenly distributed geographically. Educational programs are broadcast statewide via a state-owned video teleconferencing network. Part of the uniqueness of the Wyoming reform measure is that the state is well positioned to reach its rural residents and provide local educational programs and job training. The greater challenge is not in outreach services, but in the more difficult task of promoting economic development in a state that has relied on agriculture and extractive industries since its founding.

Conclusion

Child support enforcement, education, training, and welfare-to-work programs are an important first step in helping the poor

achieve economic self-sufficiency. Workfare and the attendant components of welfare reform, despite the ideological arguments against them, are useful in providing skills, incentives, and supports for families as they strive for economic security.

BARONA INDIAN RESERVATION



March 24, 1994

Mr. Bruce Reed, Deputy Assistant to the President for Domestic Policy
White House
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear Mr. Reed:

On March 21, 1994 the Wall Street Journal reported that the Administration intends to levy a 4% gambling tax on net gambling revenues, exempting state lotteries, for the purposes of offsetting the costs associated with welfare reform. Such a provision would be extended to all other gambling enterprises, including those established by Indian governments.

The Barona Band of Mission Indians recommends that revenues derived from Indian tribal gaming should be exempted from a 4% excise tax on net gambling revenues for the purpose of offsetting costs associated with Welfare Reform. The recommendation is made for the following reasons:

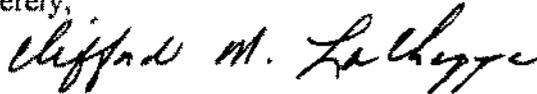
- ✓ Imposing a tax on the gaming revenues derived by Indian tribes would be a significant departure in policy on the part of the federal government. Revenue ruling 67-284, 1967-2 C.B. 55, 58, modified on another issue by Rev. Rul. 74-13, 1974-1 C.B. 14, holds that Indian tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on Mescalero Apache Tribe v. Jones, 411 U.S. 145, 157 n.13 (1973), holds that an Indian tribal corporation organized under section 17 of the Indian Reorganization Act shares the same tax status as the Indian tribe and is not taxable on income from activities carried on within the boundaries of the reservation.
- ✓ An Indian tribe is a distinct political community, not unlike a state government. However, it has been reported that state lotteries would be exempt from the proposed 4% excise tax on gaming proceeds. Tribes, unlike states, use gaming revenue to help provide basic services for their citizens. Like states, Tribes too should be exempt from this excise tax.
- ✓ Indian gaming represents approximately 4.5% of the total amount of wagering in the United States today. This small amount of gaming has been used to provide many services to the neediest people in America. Gaming revenues are being depended on by Indian tribal governments in larger and larger ways each year. For example, for Fiscal Year 1995 the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services this year, and 83 percent next year. However, the IHS budget represents only 2 percent of the entire DHHS budget. Indian tribal governments will have to absorb the loss of services and personnel.
- ✓ Indian tribal governments have been reforming welfare on their own with the use of gaming proceeds. The federal government does not need to extract another 4 percent from the tribes for this effort. All parties will agree that the best type of welfare reform is making sure that people have jobs. According to the Milwaukee Journal, Aid to Families with Dependent Children, Wisconsin's main welfare program, dropped more than 13 percent during the past two years in 12

rural counties with 13 casinos. That was a cut of 575 cases to a total of 3,821 cases in those counties.

The number one purpose of Indian gaming was, and still is, to enable tribes to become economically self-sufficient because the federal government has continually slashed Native American housing, health service, tribal government and education funding programs. Gaming tribes have finally found an independent way to provide these needed services their tribal communities, while they also contribute the non-Indian community by providing jobs, payroll taxes, and donations to various programs and charities. A 4% excise tax would be a significant and unwarranted burden placed upon Indian gaming in light of the facts that are stated above.

Thank you for your attention to this urgent matter.

Sincerely,



Clifford M. LaChappa, Tribal Chairman
BARONA BAND OF MISSION INDIANS

CML:lp

THE EASTERN BAND OF CHEROKEE INDIANS

Qualla Boundary - P.O. Box 455, Cherokee, N.C. 28719

Telephone: (704) 497-2771 497-4771

FAX No. (704) 497-2952

JONATHAN L. TAYLOR, Principal Chief

GERARD PARKER, Vice-Chief

ARNOLD WACHACHA, Executive Advisor

March 24, 1994



Bruce Reed, Deputy Assistant for Domestic Policy
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. Reed:

We have learned that the Clinton Administration has plans to initiate a 4% federal excise tax on net gaming revenues to offset welfare reform costs. The Eastern Band of Cherokee Indians is strongly opposed to any federal excise tax of tribal gaming revenue. Such a tax would run counter to the historical federal relationship with tribal governments regarding taxes. The Clinton Administration's proposed tax would exempt state lotteries, but not tribal governments. This has no rational basis, and is discriminatory towards tribal governments. Demographics clearly show that if any population segment is in need of the basic public services that gaming revenues fund, it is Indian people. Excluding state lotteries from the proposed excise tax while having it apply to tribal governments is not good policy and would have noticeable adverse effects on tribal members.

While we do not have a casino on our reservation, we do have a bingo operation. Profits from this operation go towards funding public services which are restricted to serve Health, Education and Welfare Needs (Education, Home Health, Public Assistance, Housing for Elderly, Vocational Opportunities, Head Start, Senior Citizens Programs, Etc.). Across the country, tribes are building schools, roads, water treatment facilities, and health clinics with income from gaming. Tribes with more successful gaming operations also make significant financial contributions to community, State, and intertribal programs - not to mention the job creation for their areas. Gaming also allows tribes access to capital through which they can diversify their economic bases. In short, gaming supplies badly needed, direct benefits to tribal members in a way that other casinos and gaming operations do not. Lumping us together with the owners of Las Vegas and Atlantic City casino owners who pocket their profits does a great disservice to the federal-tribal relationship which is founded in numerous treaties, court decisions, and federal statutes.

TRIBAL COUNCIL MEMBERS

BILL TAYLOR
Chairman, Big Cove Township

GLENN JOE BRADLEY
Vice Chairman, Wolfetown Township

JIM BROWN WELCH
Snowbird/Cherokee Co. Township

BERTHA SAUNOOKE
Yellowhill Township

JESSE MURPHY
Birdtown Township

RICHARD WELCH
Yellowhill Township

MARION TEESATESKIE
Painttown Township

LARRY BLYTHE
Painttown Township

CARROLL PARKER
Wolfetown Township

ABRAHAM WACHACHA
Snowbird/Cherokee Co. Township

DAN MCCOY
Birdtown Township

TERESA MCCOY
Big Cove Township

Mr. Bruce Reed
Deputy Assistant for Domestic Policy
March 24, 1994
Page 2

This 4% excise tax is especially offensive coming from an Administration which recently unveiled a greatly reduced Indian Health Service budget for FY '95. The IHS is also slated for a grossly disproportionate cut in staffing (as compared to the Health and Human Services Department as a whole), as well as the reduced funding compared to FY '94. This is not a good method of paving the way for health care reform, and if tribes are expected to pick up the slack in health services, slapping a 4% excise tax on our gaming revenue is even more irrational.

I have tried to encapsule in this letter the various reasons why this proposed tax will be detrimental to tribes. Most importantly, however, is the fact that tribal governments and tribal corporations are currently, and historically have been, held as non-taxable entities. Imposing an excise tax on our gaming operations would constitute a significant step backward in federal tribal policy. On behalf of the Eastern Band of Cherokee Indians, we would appreciate your support in ensuring that tribal governments and corporations retain their status as nontaxable entities.

Sincerely,

EASTERN BAND OF CHEROKEE INDIANS

Jonathan Z. Taylor

Jonathan L. Taylor
Principal Chief

cc: Senator Jesse Helms
Senator Lauch Faircloth
Congressman Charles Taylor
Carol Rasco, Assistant to President for Domestic Policy
Loretta Avent, Special Assistant to the President
Ada Deer, Assistant Secretary for Indian Affairs
National Indian Gaming Association

THE EASTERN BAND OF CHEROKEE INDIANS

Qualla Boundary - P.O. Box 455, Cherokee, N.C. 28719

Telephone: (704) 497-2771 497-4771

FAX No. (704) 497-2952

JONATHAN L. TAYLOR, Principal Chief

GERARD PARKER, Vice-Chief

ARNOLD WACHACHA, Executive Advisor

March 24, 1994

Carol Rasco, Assistant for Domestic Policy
1600 Pennsylvania Avenue, NW
Washington, DC. 20500

Dear Ms. Rasco:

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Wolfertown Township

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Bradown Township

TERESA MCCOY
Big Cove Township

Ms. Carol Rasco
Assistant for Domestic Policy
March 24, 1994
Page 2

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I have tried to encapsule in this letter the various reasons why this proposed tax will be detrimental to tribes. Most importantly, however, is the fact that tribal governments and tribal corporations are currently, and historically have been, held as non-taxable entities. Imposing an excise tax on our gaming operations would constitute a significant step backward in federal tribal policy. On behalf of the Eastern Band of Cherokee Indians, we would appreciate your support in ensuring that tribal governments and corporations retain their status as nontaxable entities.

Sincerely,

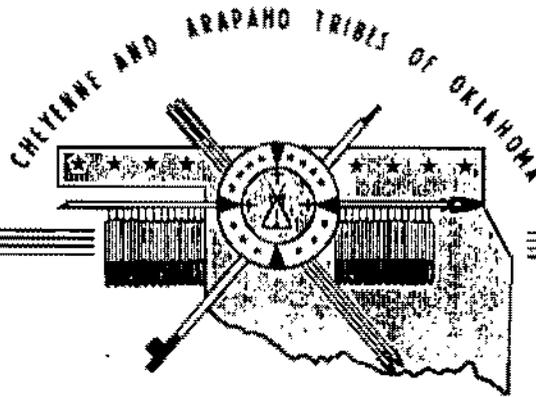
EASTERN BAND OF CHEROKEE INDIANS



Jonathan L. Taylor
Principal Chief

cc: Senator Jesse Helms
Senator Lauch Faircloth
Congressman Charles Taylor
Bruce Reed, Deputy Assistant to the President for Domestic Policy
Loretta Avent, Special Assistant to the President
Ada Deer, Assistant Secretary for Indian Affairs
National Indian Gaming Association

**ADMINISTRATION
&
MANAGEMENT**



P.O. Box 38
Concho, Oklahoma 73022
(405) 262-0345

March 24, 1994

Bruce Reed, Deputy Assistant to the President for Domestic Policy
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. Reed:

As you may well know on March 21, 1994, the Wall Street Journal reported that the Administration intends to levy a 4% gambling tax on net gambling revenues, exempting state lotteries, for the purposes of offsetting the costs associated with welfare reform. Such a provision would be extended to all other gambling enterprises, including those established by Indian tribal governments.

Our recommendation is that revenues derived from Indian Tribal gaming should be exempted from the 4% excise tax on net gambling revenues for the purpose of offsetting costs associated with Welfare Reform. This recommendation is made for the following reasons:

- * Imposing a tax on the gaming revenues derived by Indian Tribes would be significant departure in policy on the part of the federal government. Revenue Ruling 67-284, 1967-2 C.B. 55, 58, modified on another issue by Rev. Rul. 74-13, 1974-1 C.B. 14, holds that Indian Tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on *Mescalero Apache Tribe v. Jones*, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian Tribal corporation organized under section 17 of the Indian Reorganization Act shares the same tax status as the Indian Tribe and is not taxable on income from activities carried on within the boundaries of the reservation.
- * An Indian Tribe is a distinct political community, not unlike a state government. However, it has been reported that state lotteries would be exempt from the proposed 4% excise tax on gaming proceeds. Tribes, like states, use gaming revenue to help provide basic services for their citizens. Like states, Tribes too should be exempt from this excise tax.

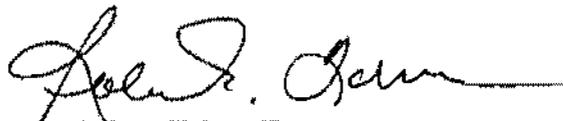
* Indian Gaming represents approximately 4.5% of the total amount of wagering in the United States today. This small amount of gaming has been used to provide many services to the neediest people in America. Gaming Revenues are being depended on by Indian tribal governments in larger and larger ways each year. For example, for Fiscal Year 1995 the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services this year, and 83 percent next year. However, the IHS Budget represents only 2 percent of the entire DHHS Budget. Indian Tribal Governments will have to absorb the loss of services and personnel.

Moreover, Indian Tribal Governments have been reforming welfare on their own with the use of gaming proceeds. The federal government does not need to extract another 4 percent from the Tribes for this effort. All parties will agree that the best type of welfare reform is making sure that people have jobs. According to the Milwaukee Journal, Aid to Families with Dependent Children, Wisconsin's main welfare program, dropped more than 13 percent during the past two years in 12 rural counties with 13 casinos. That was a cut of 575 cases to a total of 3,821 cases in those counties.

We, the Cheyenne-Arapaho Tribes of Oklahoma, feel that again the Native American people are being punished for attempting to become self-sufficient. It appears that when the Native Americans of this country find a way to become self-reliant and successful, the federal government finds some way to make the our people dependent on the very programs that the government intends to diminish. Look at the facts, can you say that all these "Federal Bureaucracies" can and have looked out for the best interests of the Native American people? We both know the answer to that question.

As a representative for the Cheyenne-Arapaho Tribes of Oklahoma and the Native American population, I implore you to speak out for our rights. We asked that you hear our pleas and to recognize us, not only as "the Indians" but as citizens of the United States of America. Give us that equal recognition and concern that is due to all people of this great nation.

Respectfully Submitted,



Robert Tabor, Treasurer

Cheyenne-Arapaho Tribes of Oklahoma

RT/cb



THE FORT MOJAVE INDIAN TRIBE

PATRICIA MADUEÑO - Chairperson

LLEWELLYN BARRACKMAN - Vice Chairman

MELBA GUERRERO - Secretary

ELDA BUTLER - Member

STEPHEN LOPEZ - Member

DELBERT HOLMES - Member

JAMES BRYAN - Member

500 MERRIMAN • NEEDLES, CALIF. 92363 • (619) 326-4591

March 29, 1994

Mr. Bruce Reed
Deputy Assistant to the
President for Domestic Policy
White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Sir:

According to a March 21 report published in the Wall Street Journal, the Administration is considering the levy of a 4% gambling tax on new gambling revenues for the purpose of offsetting national welfare reform costs. This levy would be imposed on all gambling enterprises, exempting only state lotteries.

Please be advised that the Fort Mojave Indian Tribe formally opposes any such intention on the part of the Administration. Our opposition is based on the following:

We feel imposing a tax on the gaming revenues derived by Indian tribes would be a significant departure in policy on the part of the federal government. Revenue Ruling 67-284, 1967-2 C.B. 55,58, modified on another issue by Rev. Rul. 74-13, 1974-1 C.B. 14, holds that Indian tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on *Mescalero Apache Tribe v. Jones*, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian tribal corporation organized under section 17 of the Indian Reorganization Act shares the same tax status as the Indian tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

Secondly, an Indian tribe is a distinct political community, not unlike a state government. However, it has been reported that state lotteries would be exempt from the proposed 4% excise tax on gaming proceed. Tribes, like states, use gaming revenue to help provide basic services for their citizens. Like states, Tribes too should be exempt from this excise tax.

It is a well known fact that Indian gaming represents approximately 4.5% of the total amount of wagering in the United States today. This small amount of gaming has been used to provide many services to the neediest people in America. Gaming revenues are being depended on by Indian tribal governments in larger and larger ways each year. For example, for Fiscal Year 1995 the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services this year, and 83 percent next year. However, the IHS budget represents only 2 percent of the entire DHHS budget. Indian tribal governments will have to absorb the loss of services and personnel.



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PATRICIA MADUEÑO - Chairperson

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ELDA BUTLER - Member

STEPHEN LOPEZ - Member

DELBERT HOLMES - Member

JAMES BRYAN - Member

500 MERRIMAN - NEEDLES, CALIF. 92363 • (619) 326-4591

APR 6 REC'D

March 29, 1994

Ms. Carol Rasco
Assistant to President for
Domestic Policy
White House
1600 Pennsylvania Avenue
Washington, DC 20500

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Please be advised that the Fort Mojave Indian Tribe formally opposes any such intention on the part of the Administration. Our opposition is based on the following:

We feel imposing a tax on the gaming revenues derived by Indian tribes would be a significant departure in policy on the part of the federal government. Revenue Ruling 67-284, 1967-2 C.B. 55,58, modified on another issue by Rev. Rul. 74-13, 1974-1 C.B. 14, holds that Indian tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on *Mescalero Apache Tribe v. Jones*, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian tribal corporation organized under section 17 of the Indian Reorganization Act shares the same tax status as the Indian tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

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NIGA
Washington, DC.
March 29, 1994
Page 2

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The Fort Mojave Indian Tribe is looking forward to future gambling operations on our reservation, providing endless employment opportunities, revenue for health and welfare needs and education. Hopefully, the Administration will give Native Americans sufficient time to put their individual community improvement plans to work.

We are soliciting your support, therefore, in opposing the imposition of any gambling tax that would include net gambling revenues of Native American gambling operations. We look forward to your favorable consideration of our position as stated here. If there are any questions, please feel free to contact me.

Very Sincerely,



Patricia Madueno, Chairperson
FORT MOJAVE INDIAN TRIBE

PM:jjj

NIGA
Washington, DC.
March 29, 1994
Page 2

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Very Sincerely,



Patricia Madueno, Chairperson
FORT MOJAVE INDIAN TRIBE

PM:jjj

KEWEENAW BAY INDIAN COMMUNITY

1994
TRIBAL COUNCIL

Keweenaw Bay Tribal Center
Baraga, Michigan 49908
Phone (906) 353-6623
Fax (906) 353-7540
March 31, 1994

FRED DAKOTA, President
WAYNE SWARTZ, Vice-President
ANN DURANT, Secretary
WILLIAM E. EMERY, Asst. Sec.
AMY ST. ARNOLD, Treasurer

BILL CARDINAL
ROSEMARY HAATAJA
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CHARLES LOONSFOOT, SR.
ISADORE MISEGAN
MYRTLE TOLONEN
ROBERT VOAKES

Bruce Reed, Deputy Assistant to the President
for Domestic Policy

White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Re: 4% Excise tax on Tribal Gaming revenues for welfare reform

Dear Mr. Reed,

Dec. 17, 1936

I am the duly elected Chairman of the Keweenaw Bay Indian Community (the Community) and I am contacting you now on behalf of the Community. On March 21, 1994 the Wall Street Journal reported that the Administration intends to levy a 4% gambling tax on net gambling revenues for the purposes of offsetting the costs associated with welfare reform. While state lotteries would be exempted from such a provision, it would be extended to all other gambling enterprises, including those established by Indian tribal governments. It is the position of the Community that a 4% excise tax on gaming revenues generated by tribal governments simply makes no sense and therefore such revenues should be exempted along with gaming revenues generated by state governments. The Community's position is based on the following reasons:

1. Imposing a tax on the gaming revenues derived by Indian tribes would be a significant departure in policy on the part of the federal government. Revenue Ruling 67-284, 1967-2 C.B. 55, 58, modified on another issue by Rev. Rul. 74-13, 1974-1 C.B. 14, holds that Indian tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on Mescalero Apache Tribe v. Jones, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian tribal corporation organized under Section 17 of the Indian Reorganization Act shares the same tax status as the Indian tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

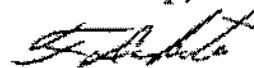
2. An Indian tribe is a distinct political community, similar to a state government. However, it has been reported that state lotteries would be exempt from the proposed 4% excise tax on gaming proceeds. Tribes, like states, use gaming revenue to help provide basic services for their citizens. Indeed, tribal governments are strictly limited by law as to the uses to which their gaming revenues can be put. See, 25 U.S.C. 2710. While it may be very appropriate to tax private, for profit gaming operations where the revenues simply go into the pockets of private individuals, it is

neither appropriate nor just to tax a governmental gaming operation where the revenues are designated for important social programs. Like states, tribes too should be exempt from this excise tax.

3. Indian gaming represents approximately 4.5% of the total amount of wagering in the United States today. This small amount of gaming has been used to provide many services to the neediest people in America. Gaming revenues are being depended on by Indian tribal governments in larger and larger ways each year. For example, for Fiscal Year 1995, the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services this year, and 83 percent next year. However, the IHS budget represents only 2 percent of the entire DHHS budget. Indian tribal governments will have to absorb this loss of services and personnel.

4. Perhaps the most compelling reason why it makes no sense to tax Indian tribal governments in order to offset the costs of welfare reform is that tribal governments themselves have already been doing a very good job of reforming welfare with the use of gaming proceeds. In Michigan, for example, prior to getting jobs with Indian gaming operations 37% of the employees of such enterprises were receiving welfare benefits and 31% were unemployed. This in mostly rural areas with historically high unemployment rates. These numbers are even more dramatic when one considers the availability of on-reservation employment opportunities for Indian people. Across the seven Michigan Indian reservations prior to the advent of tribal gaming, tribal unemployment averaged 65%. As of July 1992, that average had fallen to 27% and was still going down. These newly employed persons have ceased riding the "public cart" and have begun pulling it due to the reduced costs to government and the increase in tax dollars paid. I think that everyone agrees that the best type of welfare reform is making sure that people have jobs. The federal government does not need to extract another 4% from tribes for welfare reform, we are doing our share already!

Sincerely,



Frederick Dakota
Tribal Chairman/CEO
Keweenaw Bay Indian Community
Route 1, Box 45
Baraga, MI 49908
(906) 353-6623

FD/srs

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL

I - INCOMING
Date Correspondence Received (YY/MM/DD) 74 1 02 130

Name of Correspondent: Henry Cagoy

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: Feder. Garage Welfare Reform

ROUTE TO:	ACTION	DISPOSITION
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD
<u>CA 2411</u>	ORIGINATOR	<u>74 1 03 130</u>
	Referral Note:	
<u>CA 2411</u>	D	<u>94 0 3 130</u>
	Referral Note:	
	-	<u>1 1</u>
	Referral Note:	
	-	<u>1 1</u>
	Referral Note:	
	-	<u>1 1</u>
	Referral Note:	

- ACTION CODES:**

 - A - Appropriate Action
 - C - Comment/Recommendation
 - D - Draft Response
 - F - Furnish Fact Sheet to be used as Enclosure
 - I - Info Copy Only/No Action Necessary
 - R - Direct Reply w/Copy
 - S - For Signature
 - X - Interim Reply

DISPOSITION CODES:

 - A - Answered
 - B - Non-Special Referral
 - C - Completed
 - S - Suspended
- FOR OUTGOING CORRESPONDENCE:**
 Type of Response = Initials of Signer
 Code = "A"
 Completion Date = Date of Outgoing

Comments: RL Should we do for these items to Interest?

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Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOB).
 Always return completed correspondence record to Central Files.
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058135 CU



LUMMI INDIAN BUSINESS COUNCIL

2616 KWINA RD. • BELLINGHAM, WASHINGTON 98226-9298 • (206) 734-8180

DEPARTMENT. _____

EXT. _____

March 23, 1994

President Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

94 MAR 30 10:57

Dear President Clinton:

The Indian Tribes and Nations have had more laws passed by the U.S. Congress addressing their resources than any other group in America. All the legislation is typified by a "taking." This history has impoverished Indian Country.

We have the highest infant mortality, shortest life expectancy, highest poverty, highest under/unemployment, lowest educational/vocational attainment, poorest housing, and tribal governments that have been constantly destabilized by national and state politics -- supported by the churches.

We have been "protected" by the Bureau of Indian Affairs. Of all funds appropriated by the U.S. Congress for Indian affairs, the Bureau spends 90 percent upon itself. The remaining 10 percent is then distributed amongst the urban and reservation Indian populations for funding services.

The U.S. Congress has the power (Art. I, Sec. 8, Clause 3) to regulate trade and commerce "with the Indian tribes." The Indian Gaming Act is an example of positive action that actually has created economic benefits for some Indian tribes. The Indian gaming industry represents only 4.5 percent of the total gaming industry in America.

Our Indian Nations, as sovereign governments, are dependent upon those revenues for providing services and benefits to our tribal populations. The imposition of a tribal tax is a part of our inherent powers. But such an imposition by the United States or one of the individual states is an encroachment.

We adamantly oppose the proposed taxation of Indian gaming and ask that the legislative initiative absolutely exclude this industry from the new tax.

Indian tribal governments are not taxable entities under the Internal Revenue Code. The U.S. Constitution was intended to protect tribal governments from such encroachments and should be honored in that respect.

Respectfully yours,

Henry Cagey, Chairman
Lummi Indian Nation

Miami Tribe of Oklahoma



202 South Eight Tribes Trail
P.O. Box 1326 - Miami, Oklahoma 74355
Phone: 918-542-1445 - Fax: 918-542-7280

March 28, 1994

Honorable David Boren, USS
Russell Building
Washington, D.C. 20510

Honorable Don Nickles, USS
Senate Office Building
Washington, D.C. 20510-6025

Re: 4% excise tax on Indian
Gaming

Gentlemen:

As Chief of the Miami Tribe of Oklahoma, the Wall Street Journal story of March 21, 1994, setting forth that the Clinton Administration intends to try to levy a 4% gambling tax on net gambling revenues, exempting state lotteries, has come to my attention. The provision in question would be extended to all other gaming enterprises, which would, of necessity, include those established by Indian tribal governments. Please know that we are certainly opposed to such an action. Revenues derived from Indian gaming should be exempted from the proposed tax, especially when the additional funds would be used to offset Welfare Reform.

Such a tax would be a departure in policy, not to mention case law, from that which has been the path of the federal government. Numerous Revenue Rulings have indicated that Indian tribes are non-taxable, or are not taxable entities. Any gaming done by this Tribe would be done by-and-through our Miami Tribal Development Corporation ("TDC"), it being a governmental-sub entity of this Tribe, which was formed under § 17 of the Indian Reorganization Act. As a result, TDC would enjoy the same tax status enjoyed by this Tribe. It would not be taxable on income from activities carried on within lands owned by this Tribe.

This Tribe, and its sundry entities, is non-taxable, much like the various states. If the state lotteries are to be exempted, then the activities of this-and-other tribes should also be exempted.

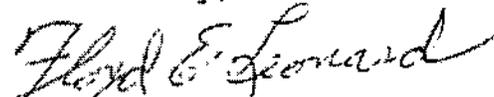
To do otherwise would be to take away much-needed revenue for the social programs that are being supported by tribes on their own behalf, without aid from the federal government. You should consider that Indian gaming comprises only some 4.5% of the total amount of wagering in the United States today. This small amount of gaming has been used by the sundry tribes to support social programs, and it is very badly needed. Indian tribes are becoming much more self-reliant, which means dependence on their gaming income. To tax same in the same manner as the large for-profit casinos-or-facilities, is patently unfair, especially since all of the net revenues are used exclusively for the benefit-and-welfare of the tribal members.

There are numerous examples throughout the United States where welfare roles have dropped significantly when Indian casinos or other Indian gaming facilities have opened. Certainly, those provide jobs, which greatly reduce the number of people on social programs, welfare or the dole. We would submit that such actions directed to tribes are punishment for taking care of one's own, by virtue of the nature of the tax proposed.

We would also again direct your attention to the fact that Indian tribes are non-taxable. To allow the tax in question will open the flood gates, not only from the federal government, but also from the various states. Those actions will take much time to resolve, and will cost the tribes hundreds-and-thousands of dollars which we can ill-afford to spend.

It is respectfully requested that you oppose the Administration's proposed actions, insofar as Indian tribes are concerned. It is, quite simply, not to the advantage of tribal members to have additional sums taken from their tribal operations, when the full amount of net sums received is for the use-and-benefit of the tribal members, and not as a "profit" factor, as with private business. Your consideration in this matter will be greatly appreciated.

Yours truly,



FLOYD E. LEONARD
Chief

FEL:ml

cc: Mr. Bill Clinton, President
The White House

Honorable Mike Synar, M.C.
House Office Building

Mr. Bruce Reed
Deputy Assistant to the President
for Domestic Policy
The White House

Ms. Carol Rasco
Assistant to the President
for Domestic Policy
The White House

Ms. Loretta Avent
Special Assistant to the President
Old Executive Building

Ms. Ada Deer
Assistant Secretary-Indian Affairs
Bureau of Indian Affairs



To: Tribal Leaders and Lawyers and Lobbyists
From: Rick Hill
Date: March 22, 1994

RE: NIGA ALERT

Attached is a memorandum concerning the proposed 4% excise tax on net gambling revenues made for the purposes of offsetting welfare reform costs. State lotteries would be exempt however Tribal gaming revenues would be applicable. Such a tax would be a significant and unwarranted burden placed upon Indian gaming.

4% EXCISE TAX ON TRIBAL GAMING REVENUES FOR WELFARE REFORM

On March 21, 1994 the Wall Street Journal reported that the Administration intends to levy a 4% gambling tax on net gambling revenues, exempting state lotteries, for the purposes of offsetting the costs associated with welfare reform. Such a provision would be extended to all other gambling enterprises, including those established by Indian tribal governments.

Recommendation: Revenues derived from Indian tribal gaming should be exempted from a 4% excise tax on net gambling revenues for the purpose of offsetting costs associated with Welfare Reform. This recommendation is made for the following reasons:

* Imposing a tax on the gaming revenues derived by Indian tribes would be a significant departure in policy on the part of the federal government. Revenue Ruling 67-284, 1967-2 C.B. 55, 58, modified on another issue by Rev. Rul. 74-13, 1974-1 C.B. 14, holds that Indian tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on *Mescalero Apache Tribe v. Jones*, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian tribal corporation organized under section 17 of the Indian Reorganization Act shares the same tax status as the Indian tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

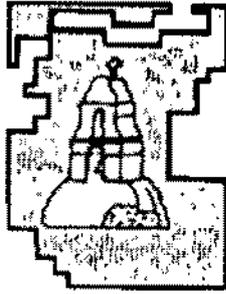
* An Indian tribe is a distinct political community, not unlike a state government. However, it has been reported that state lotteries would be exempt from the proposed 4% excise tax on gaming proceeds. Tribes, like states, use gaming revenue to help provide basic services for their citizens. Like states, Tribes too should

be exempt from this excise tax.

* Indian gaming represents approximately 4.5% of the total amount of wagering in the United States today. This small amount of gaming has been used to provide many services to the neediest people in America. Gaming revenues are being depended on by Indian

tribal governments in larger and larger ways each year. For example, for Fiscal Year 1995 the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services this year, and 83 percent next year. However, the IHS budget represents only 2 percent of the entire DHHS budget. Indian tribal governments will have to absorb the loss of services and personnel.

* Indian tribal governments have been reforming welfare on their own with the use of gaming proceeds. The federal government does not need to extract another 4 percent from the tribes for this effort. All parties will agree that the best type of welfare reform is making sure that people have jobs. According to the Milwaukee Journal, Aid to Families with Dependent Children, Wisconsin's main welfare program, dropped more than 13 percent during the past two years in 12 rural counties with 13 casinos. That was a cut of 575 cases to a total of 3,821 cases in those counties.



**Pala Band Of
Mission Indians**

P.O. Box 43
Pala, California 92059-0043
(619) 742-3784

March 23, 1994

Bruce Reed
Deputy Assistant Domestic Policy
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear Mr. Reed

The Pala Band of Mission Indians is writing you about the Administration's intention to levy a 4% gambling tax on net gambling revenues, but exempting state lotteries.

Revenues derived from Indian Tribal Government Gaming should also be exempted from this excise tax on net gambling revenues for the purpose of offsetting costs associated with Welfare Reform.

Imposing a tax on the gaming revenues derived by Indian Tribal Government Gaming would be a significant departure in policy on the part of the federal government. (Revenue Ruling 67-284, 1967-2 C.B. 55, 58.) modified on issue by (Rev. Rul. 74-13, 1974-1 C.B. 14.) holds that Indian tribes are not taxable entities.

Tribes, like States, use gaming revenue to help provide basic services for their citizens. Like states, Tribes too should be exempt from this excise tax.

Tribal governments in larger and larger ways each year are using Tribal Government Gaming to provide services to the neediest people in America. For example, for Fiscal Year 1995 the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services, and 83% the next year. Indian Tribal Governments will have to absorb the loss of services and personnel.

Indian tribal governments have been reforming welfare on their own with the use of Tribal Government Gaming. The federal government does not need to extract another 4% percent from the tribes for this effort. The best type of welfare reform is making sure that people have jobs!

Sincerely,

The Honorable Robert H. Smith
Tribal Chairman
Pala Band of Mission Indians



PUEBLO of ISLETA

P.O. Box 1270
Isleta, New Mexico 87022

March 25, 1994

Bruce Reed, Deputy Assistant to the President
for Domestic Policy
White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. Reed:

On March 21, 1994 the Wall Street Journal reported that the Administration intends to levy a 4% gambling tax on net gambling revenues, exempting state lotteries, for the purpose of offsetting the costs associated with Welfare Reform. Such a provision would be extended to all other gambling enterprises, including those established by Indian tribal governments.

The Pueblo of Isleta strongly advises that revenues derived from Indian tribal gaming should be exempt from a 4% excise tax on gambling revenues for the purpose of offsetting costs associated with Welfare Reform. Imposing a tax on the gaming revenues derived by Indian tribes would be a significant deviation in policy on the part of the Federal Government. Revenue Ruling 67-284, 1967-2 C. B. 55, 58, modified on another issue by Revenue Ruling 74-13, 1974-a, C. B. 14, holds that Indian tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C. B. 15, relying on Mescalero Apache Tribe v. Jones, 411 U.S. 145, 157, n. 13 (1973), holds that an Indian tribal corporation organized under Section 17 of the Indian Reorganization Act shares the same tax status as the Indian tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

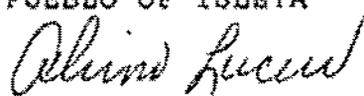
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Page Two
March 25, 1994

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Sincerely,

PUEBLO OF ISLETA

A handwritten signature in cursive script, appearing to read "Alvin Lucero".

Governor Alvin Lucero

THE WHITE HOUSE

WASHINGTON

April 4, 1994

The Honorable Robert H. Smith
Tribal Chairman
Pala Band of Missions
P.O. Box 43
Pala, CA 92059-0043

Dear Mr. Smith:

Thank you for taking the time to write and share your thoughts with me on financing of welfare reform. It is very important that this Administration hear from groups like yours who have valuable information to contribute. I have shared your letter with staff members of the Domestic Policy Council.

Again, thank you for writing.

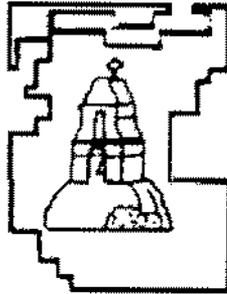
Sincerely,

Carol H. Rasco

Carol H. Rasco
Assistant to the President for
Domestic Policy

CHR:ram

MAR 28 REC'D



**Pala Band Of
Mission Indians**

P.O. Box 43
Pala, California 92059-0043
(619) 742-3784

March 23, 1994

Carol Rasco
Assistant Domestic Policy
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear Ms. Rasco

The Pala Band of Mission Indians is writing you about the Administration's intention to levy a 4% gambling tax on net gambling revenues, but exempting state lotteries.

Revenues derived from Indian Tribal Government Gaming should also be exempted from this excise tax on net gambling revenues for the purpose of offsetting costs associated with Welfare Reform.

Imposing a tax on the gaming revenues derived by Indian Tribal Government Gaming would be a significant departure in policy on the part of the federal government. (Revenue Ruling 67-284, 1967-2 C.B. 55, 58.) modified on issue by (Rev. Rul. 74-13, 1974-1 C.B. 14.) holds that Indian tribes are not taxable entities.

Tribes, like States, use gaming revenue to help provide basic services for their citizens. Like states, Tribes too should be exempt from this excise tax.

Tribal governments in larger and larger ways each year are using Tribal Government Gaming to provide services to the neediest people in America. For example, for Fiscal Year 1995 the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services, and 83% the next year. Indian Tribal Governments will have to absorb the loss of services and personnel.

Indian tribal governments have been reforming welfare on their own with the use of Tribal Government Gaming. The federal government does not need to extract another 4% percent from the tribes for this effort. The best type of welfare reform is making sure that people have jobs!

Sincerely,

A handwritten signature in black ink, appearing to read "Robert H. Smith". The signature is written in a cursive, flowing style.

The Honorable Robert H. Smith
Tribal Chairman
Pala Band of Mission Indians

REDDING RANCHERIA



April 1, 1994

Bruce Reed, Deputy Assistant to the President for Domestic Policy
White House
1600 Pennsylvania Ave.
Washington, D.C. 20500

RE: 4% EXCISE TAX ON TRIBAL GAMING REVENUES FOR WELFARE REFORM

Dear Mr. Reed,

The Redding Rancheria Indian Tribe of Pit River, Wintun and Yana Indians are very concerned and opposed to the 4% gaming excise tax that President Clinton's Welfare-reform advisors have proposed. As you know, profits from Indian Gaming are directed by the Indian Gaming Regulatory Act to be put back into the Tribe. If you were to ask any Tribe, WHAT HAS INDIAN GAMING DONE FOR YOU?, you would receive answers like, I have a job now to support my family, our Tribe has health care, we have money for education and job training, we have homes instead of shacks, we have a culture center, our elders are taken care of and live with respect. I could go on and on but I believe you know this. Indian Gaming has created jobs, taken people off welfare, added greatly to the local economy around their Halls. If you were to tax Indian Gaming, you would be taking away from all the good that is now happening.

Imposing a tax on the gaming revenues derived by Indian tribes would be significant departure in policy on the part of the federal government. Revenue Ruling 67-284, 1967-2 C.B. 55, 58, modified on another issue by Rev. Rul. 74-13, 1974-1 C.B. 14 holds that Indian tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on Mescalero Apache Tribe v. Jones, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian tribal corporation organized under section 17 of the Indian Reorganization Act shares the same tax status as the Indian tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

An Indian tribe is a distinct political community, not unlike a state government. However, it has been reported that state lotteries would be exempt from the proposed 4% excise tax on gaming proceeds. Tribes, like states, use gaming revenue to help provide basic services for their citizens. Like states, Tribes too should be exempt from this excise tax.

Indian tribal governments have been reforming welfare on their own with the use of gaming proceeds. The federal government does not need to extract another 4 percent from the tribes for this effort. All parties will agree that the best type of welfare

reform is making sure that people have jobs. According to the Milwaukee Journal, Aid to Families with Dependent Children, Wisconsin's main welfare program, dropped more than 13 percent during the past two years in 12 rural counties with 13 casinos. That was a cut of 575 cases to a total of 3,821 in those counties. Indian Gaming is the best welfare reform in the country as it takes no **FEDERAL OR STATE DOLLARS**.

Our Tribe again voices our opposition to the tax and ask that you oppose this tax for the good of all Indian Tribes, communities, and states that are benefiting from Indian Gaming.

Thank you for your time and concern on this matter.

Very Sincerely,

A handwritten signature in black ink, appearing to read "Mac Hayward", written in a cursive style.

Mac Hayward
Tribal Chairman

REDDING RANCHERIA



APR 13 1994

April 1, 1994

Carol Rasco, Assistant to the President for Domestic Policy
White House
1600 Pennsylvania Ave.
Washington, D.C. 20500

RE: 4%-EXCISE TAX ON TRIBAL GAMING REVENUES FOR WELFARE REFORM

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Thank you for your time and concern on this matter.

Very Sincerely,

A handwritten signature in black ink, appearing to read "Mac Hayward", written in a cursive style.

Mac Hayward
Tribal Chairman

To whom it may concern:

My name is Eugene H. Shawano Sr. and I am a member of the Forest County Potawatomi tribe of Crandon, WI.

I am also a member of the Forest County Potawatomi Gaming Commission.

The gaming commission has nine members: which was formed by a gaming control ordinance adopted July 5, 1988, by the General Council of the Forest County Potawatomi Tribe.

The duties of the commissioners are to govern any commercial gaming enterprises that may be established and that such enterprises are managed in a stable, efficient, and orderly fashion.

Now I have some concerns on a report.

On March 21, 1994 the Wall Street Journal reported that the Administration intends to levy a 4% gambling tax on net gambling revenues, exempting state lotteries, for the purposes of offsetting the costs associated with welfare reform. Such a provision would be extended to all other gambling enterprises, including those established by Indian tribal governments.

Recommendation: Revenues derived from Indian tribal gaming should be exempted from a 4% excise tax on net gambling revenues for the purpose of offsetting costs associated with Welfare Reform. This recommendation is made for the following reasons:

Imposing a tax on the gaming revenues derived by Indian tribes would be a significant departure in policy on the part of the federal government. Revenue Ruling 67-284, 1967-2 C.B. 55, 58, modified on another issue by Rev. Rul. 74-13, 1974-1 C.B. 14, holds that Indian tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on *Mescalero Apache Tribe v. Jones*, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian tribal corporation organized under section 17 of the Indian Reorganization Act shares the same tax status as the Indian tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

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Indian gaming represents approximately 4.5% of the total amount of wagering in the United States today. This small amount of gaming has been used to provide many services to the neediest people in America. Gaming revenues are being depended on by Indian tribal governments in larger and larger ways each year. For example, for Fiscal Year 1995 the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services this year, and 83 percent next year. However, the IHS budget represents only 2 percent of the entire DHHS budget. Indian tribal governments will have to absorb the loss of services and personnel.

Indian tribal governments have been reforming welfare on their own with the use of gaming proceeds. The federal government dose not need to extract another 4 percent from the tribes for this effort. All parties will agree that the best type of welfare reform is making sure that people have jobs. According to the Milwaukee Journal, Aid to Families with Dependent Children, Wisconsin's main welfare program, dropped more than 13 percent during the past two years in 12 rural counties with 13 casinos. That was a cut of 575 cases to a total of 3,821 cases in those counties.

Also, I believe that Job numbers are going to increase over time because Tribes are developing their Natural Resources on the reservation and will continue to look at other ventures besides reservation resources.

I believe the tribal members have always had dreams that could develop with Job's for their members.

But now that the Tribe's have revenue to put some of their dreams into reality.

My Tribe, inparticular has a lot of potential promoting recreation to draw the tourist into our communities year around.

Forest County needs help in whatever form to create jobs and reduce unemployment.

But most importantly we create a harmonious atmosphere because of our input as job creators for tribal members: as well as for non-Indians.

So I would hope you would go along with our Recommendation. Revenues derived from Indian tribal gaming should be excemted from a 4% excise tax on net gambling revenues for the purpose of offsetting costs associated with Welfare Reform.

Thank You Very Much,

Eugene H. Shawano Sr.

Eugene H. Shawano Sr.
Concerned Tribal Member

Sac and Fox Nation

Route 2, Box 246

Stroud, OK 74079

(918) 968-3526



Principal Chief ELMER MANATOWA
Second Chief MERLE BOYD
Secretary MARY F. McCORMICK
Treasurer TRUMAN CARTER
Committee Member RONNIE HARRIS, SR.

April 5, 1994

The Honorable Bruce Reed
Deputy Asst. to the President for Domestic Policy
The White House, 1600 Pennsylvania Ave.
Washington, D.C. 20500

Re: 4% EXCISE TAX ON TRIBAL GAMING REVENUES FOR WELFARE REFORM

Dear Deputy Assistant Reed:

Please be advised that the Sac and Fox Nation is very much opposed to the proposed 4% excise tax on net gambling revenues made for the purposes of offsetting welfare reform costs.

On March 21, 1994 the Wall Street Journal reported that the Administration intends to levy a 4% gambling tax on net gambling revenues, exempting state lotteries, for the purposes of offsetting the costs associated with welfare reform. Such a provision would be extended to all other gambling enterprises, including those established by Indian tribal governments.

Recommendation: Revenues derived from Indian tribal gaming should also be exempted from a 4% excise tax on net gambling revenues for the purpose of offsetting costs associated with Welfare Reform. This recommendation is made for the following reasons:

* Imposing a tax on the gaming revenues derived by Indian tribes would be a significant departure in policy on the part of the federal government. Revenue Ruling 67-284, 1967-2 C.B. 55, 58, modified on another issue by Rev. Rul. 74-13, 1974-1 C.B. 14, holds that Indian tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on *Mescalero Apache Tribe v. Jones*, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian tribal corporation organized under section 17 of the Indian Reorganization Act shares the same tax status as the Indian tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

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4% EXCISE TAX ON GAMING REVENUES FOR WELFARE REFORM

Continued

Page 2 of 2

on gaming proceeds. Tribes, like states, use gaming revenue to help provide basic services for their citizens. Like states, tribes too should be exempt from this excise tax.

* Indian gaming represents approximately 4.5% of the total amount of wagering in the United States today. This small amount of gaming has been used to provide many services to the neediest people in America. Gaming revenues are being depended on by Indian tribal governments in larger and larger ways each year. For example, for Fiscal Year 1995 the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services this year, and 83% next year. However, the IHS budget represents only 2% of the entire DHHS budget. Indian tribal governments will have to absorb the loss of services and personnel.

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Please speak up on our behalf regarding this unfair proposed 4% excise tax on tribal gaming revenues for welfare reform. For once, with income from the gambling activities, Indian tribes are HELPING TO SOLVE THE PROBLEMS!

Sincerely,



Mary F. McCormick
Acting Principal Chief

cc: Office of the Secretary
Business Committee

Sac and Fox Nation

APR 13 1994

Route 2, Box 246

Stroud, OK 74079

(918) 968-3526



Principal Chief ELMER MANATOWA
Second Chief MERLE BOYD
Secretary MARY F. McCORMICK
Treasurer TRUMAN CARTER
Committee Member RONNIE HARRIS, SR.

April 5, 1994

~~ADD 1-2 REPT~~

The Honorable Carol Rasco
Assistant to the President for Domestic Policy
The White House, 1600 Pennsylvania Ave.
Washington, D.C. 20500

Re: 4% EXCISE TAX ON TRIBAL GAMING REVENUES FOR WELFARE REFORM

Dear Assistant Rasco:

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4% EXCISE TAX ON GAMING REVENUES FOR WELFARE REFORM

Continued

Page 2 of 2

on gaming proceeds. Tribes, like states, use gaming revenue to help provide basic services for their citizens. Like states, tribes too should be exempt from this excise tax.

* Indian gaming represents approximately 4.5% of the total amount of wagering in the United States today. This small amount of gaming has been used to provide many services to the neediest people in America. Gaming revenues are being depended on by Indian tribal governments in larger and larger ways each year. For example, for Fiscal Year 1995 the Indian Health Service has been asked to absorb 49% of all staffing reductions within the Department of Health and Human Services this year, and 83% next year. However, the IHS budget represents only 2% of the entire DHHS budget. Indian tribal governments will have to absorb the loss of services and personnel.

* Indian tribal governments have been reforming welfare on their own with the use of gaming proceeds. The federal government does not need to extract another 4% from the tribes for this effort. All parties will agree that the best type of welfare reform is making sure that people have jobs. According to the Milwaukee Journal, Aid to Families with Dependent Children, Wisconsin's main welfare program, dropped more than 13% during the past two years in 12 rural counties with 13 casinos. That was a cut of 575 cases to a total of 3,821 cases in those counties.

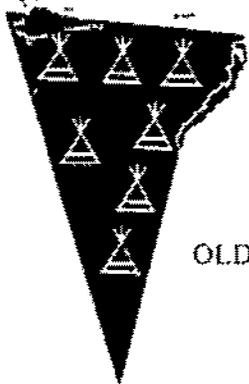
Please speak up on our behalf regarding this unfair proposed 4% excise tax on tribal gaming revenues for welfare reform. For once, with income from the gambling activities, Indian tribes are HELPING TO SOLVE THE PROBLEMS!

Sincerely,



Mary F. McCormick
Acting Principal Chief

cc: Office of the Secretary
Business Committee



Sisseton-Wahpeton Dakota Nation

LAKE TRAVERSE RESERVATION

OLD AGENCY BOX 509 • AGENCY VILLAGE, SOUTH DAKOTA 57262-0509 • PHONE: (605) 698-3911

March 25, 1994

Bruce Reed, Deputy Assistant to the
President for Domestic Policy
White House
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear Mr. Reed:

The Sisseton-Wahpeton Dakota Nation was very distressed to read that the Clinton Administration intends to levy a 4 percent gambling tax on net gambling revenues. This move, which includes Indian Tribal gaming, would offset the costs associated with welfare reform. We understand that State lotteries would be exempt from this tax.

An Indian Tribe is a distinct political community not unlike a State Government. Tribes, like States, use gaming revenue to help provide basic services to their citizens. The Indian Gaming Regulatory Act outlines very clearly what Tribes can use their money for, and the socio-economic welfare of it's citizens is one of those items. The Federal Government does not need to extract another 4 percent from Tribes for an effort that we are undertaking ourselves more and more each year. The best type of welfare that Indian Gaming has provided is jobs for people in our community.

Imposing a tax on the gaming revenues derived by Indian Tribes would be a significant departure in policy on the part of the Federal Government. Revenue Ruling 67-284, 1967-2 C.B. 55, 58 modified on another issue by Rev. Rul 74-13, 1974-1 C.B. 14, holds that Indian Tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, relying on Mescalero Apache Tribe vs. Jones, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian Tribal corporation organized under Section 17 of the Indian Reorganization Act shares the same tax status as the Indian Tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

The Sisseton-Wahpeton Dakota Nation feels that, like States, Tribes too should be exempt from this excise tax.

We would appreciate your support when this issue comes up for debate.

Thank you,



Arnold R. Ryan, Chairman
Sisseton-Wahpeton Dakota Nation



Jesse Taken Alive
Chairman

Wilbur Red Tomahawk
Vice Chairman

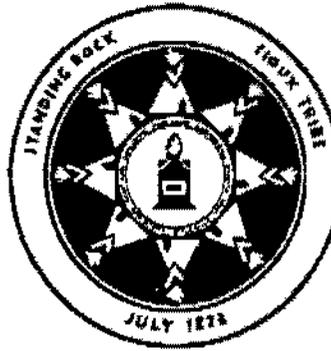
Blaine McLaughlin
Secretary

Carol White Eagle
Cannonball District

Tom Kuntz
Fort Yates District

Leonard Bensing
Wakpala District

Samuel "Chuck" Claymore
Kneel District



APR 13 REC'D

Victor Red Fox
Bear Soldier District

Kenneth Red Bear
Rock Creek District

Jim Jamerson
Little Eagle District

Luella Harrison
Porcupine District

AT LARGE
Mike Palth, Jr.
Pat McLaughlin
Ken Billingsley
Joe Keepseagle
Tim Muntz
Conrad (Bud) Long Chase

April 06, 1994

Carol Rasco, Ass't. to the President for Domestic Policy
White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Ms. Rasco,

As Chairman of the Standing Rock Sioux Indian Reservation, which is located in both North Dakota and South Dakota, I would like to express my tribes strong opposition to the proposed 48 excise tax on Tribal Gaming Revenue.

It is my understanding that the states will be exempted from this excise tax and we strongly feel that tribes should be exempted just as the states are.

At a time when BIA and IHS funding cuts have greatly affected Indian Country, we feel we should not be given the additional burden to finance the welfare reform system when our tribes have given up so much in the past. Tribal gaming operations are not privately owned ventures. The gaming revenue is used to finance many different services on our reservation in the areas of economic development, health care, education, and Law & Order.

Any plans to tax the tribal gaming revenues would be yet another significant and unwarranted burden on Indian Country. We strongly urge the Administration to reconsider this proposal.

Sincerely,

Jesse Taken Alive, Chairman
Standing Rock Sioux Tribe

Jesse Taken Alive
Chairman

Wilbur Red Tomahawk
Vice Chairman

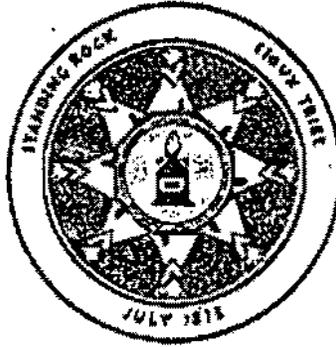
Elaine McLaughlin
Secretary

Carol White Eagle
Cannonball District

Tom Kuntz
Fort Yates District

Leonard Barking
Wakpala District

Samuel "Chuck" Claymore
Kanel District



TELECOPIER HEADER

Victor Red Fish
Bear Soldier District

Kenneth Red Bear
Rock Creek District

Jim Jamerson
Little Eagle District

Luella Harrison
Porcupine District

AT LARGE
Mike Falch, Jr.
Pat McLaughlin
Ken Billingsley
Joe Keepseagle
Tim Meutz
Conrad (Bud) Long Chase

DATE: April 7, 1994

TO: Carol Rasco, Ass't. to President for Domestic Policy
White House

TELECOPIER TELEPHONE NUMBER: (202) 456-2878

FROM: Jesse Taken Alive, Chairman
Standing Rock Sioux Tribe

INSTRUCTIONS: See Attached Letter.

PLEASE CALL LINDA ANTELL AT (701) 854-7569, IF YOU DID NOT RECEIVE
2 PAGES, INCLUDING THIS PAGE.

ADMINISTRATION
STANDING ROCK SIOUX TRIBE
FAX NO. (701) 854-7299

Jesse Taken Alive
Chairman

Witbur Red Tomahawk
Vice Chairman

Blaine McLaughlin
Secretary

Carol White Eagle
Cannonball District

Tom Kuntz
Fort Yates District

Loofard Bearking
Wickpau District

Samuel "Chuck" Claymore
Kenel District



Victor Red Fish
Bear Soldier District

Kenneth Red Bear
Rock Creek District

Jim Jancoska
Little Eagle District

Luella Harrison
Porcupine District

AT LARGE
Mike Smith, Jr.
Pat McLaughlin
Ken Billingsley
Joe Keepsangle
Tim Meutz
Conrad (Bud) Long Chase

April 06, 1994

The Honorable William J. Clinton
1600 Pennsylvania Avenue
Washington, D.C. 20500

Attention: Bruce Reed, Deputy Assistant to the President for
Domestic Policy.

Dear Mr. President,

As Chairman of the Standing Rock Sioux Indian Reservation, which is located in both North Dakota and South Dakota, I would like to express my tribes strong opposition to the proposed 4% excise tax on Tribal Gaming Revenue.

It is my understanding that the states will be exempted from this excise tax and we strongly feel that tribes should be exempted just as the states are.

At a time when BIA and IHS funding cuts have greatly affected Indian Country, we feel we should not be given the additional burden to finance the welfare reform system when our tribes have given up so much in the past. Tribal gaming operations are not privately owned ventures. The gaming revenue is used to finance many different services on our reservation in the areas of economic development, health care, education, and Law & Order.

Any plans to tax the tribal gaming revenues would be yet another significant and unwarranted burden on Indian Country. We strongly urge the Administration to reconsider this proposal.

Sincerely,

Jesse Taken Alive, Chairman
Standing Rock Sioux Tribe



Sycuan Band of Mission Indians

TRIBAL COUNCIL

DANIEL TUCKER
Tribal Spokesperson

HANK MURPHY
Vice Tribal Spokesperson

GEORGIA TUCKER
Secretary

LUCINDA ADKINS
Treasurer

GEORGE PRIETO
Council Member

TINA MUSE
Council Member

RUDY RUIZ
Council Member

March 28, 1994

Mr. Bruce Reed, Deputy Assistant to the
President
Office of Domestic Policy
216 Old Executive Office Building
Washington, DC 20500

Dear Mr. Reed:

Alarmed, dismayed, disappointed and frustrated is our opening for this letter regarding the Administration's proposal to impose a 4 percent excise tax on net gambling revenues for the purposes of offsetting costs associated with welfare reform in the United States, with State lotteries exempt. Such a provision would be extended to all other gambling enterprises, including those established by Indian Tribal Governments. As usual, Federal Indian Affairs policies are generated by ignorance and afterthought with little consideration of consequences.

The Constitution and Congress, in the Indian Gaming Regulatory Act of 1988, acknowledged Indian Tribes as sovereign nations, and not taxable. Revenue Ruling 67-284, 1967-2 C.B. 55 and 58 modified by Rev. Rul. 74-143, 1974-1 C.B. 14, holds that Indian Tribes are not taxable entities. Moreover, Revenue Ruling 81-296, 1981-2 C.B. 15, Mescalero Apache Tribe v. Jones, 411 U.S. 145, 157 n. 13 (1973), holds that an Indian Tribal corporation organized under Section 17 of the Indian Reorganization Act, shares the same tax status as the Indian Tribe and is not taxable on income from activities carried on within the boundaries of the reservation.

Indian gaming represents approximately 4.5 percent of the total amount of wagering in the United States today. Indian Tribal governments have been reforming welfare on their own with the use of gaming proceeds. According to the Milwaukee Journal, Milwaukee's main welfare program, "Aid to Families with Dependent Children", dropped more than 13 percent during the past two years in 12 rural counties with 13 casinos. Two Minnesota studies show Indians are responsible for lowering welfare rates off the reservations by as much as 30 percent. According to a study by an independent accounting firm, the Sycuan Tribe generates \$40 million annually back into California's economy and is responsible for creating more than 2,000 jobs; the majority (90 percent) of those jobs employ non-Indians.

Letter
Bruce Reed

March 28, 1994
Page 2

As a last indignity, the State lotteries are exempted from this proposed tax as their revenues are used for governmental purposes which is exactly how the Congress and Federal government defined Indian gaming -- as Tribal governmental gaming revenue. Tribal members pay Federal and State income taxes on income earned off the reservations, as well as, State sales taxes for purchases made off-the-reservation. Tribal governments, however, do not have the option of creating a tax base on individual income as our numbers are small and personal incomes still very limited. Tribal governments rely on gaming revenues to support government services and programs. So how did the Administration determine that State lotteries get preferential treatment and Indian gaming is to be penalized?

As a plea for "fairness", I ask that the Administration seriously reconsider this ill-advised proposal. And, before making future proposals, that the Administration meet with Tribal Government Leaders just as it meets with Mexican and Japanese Government Leaders, to discuss future governmental relationships and planned financial considerations that may affect us.

Sincerely,



Daniel Tucker
Spokesperson for Sycuan and
Vice-Chairman, NIGA