

2798

Base Agency: Tribal Gaming—Commerce—Departmentwide and Economic Development
Native American Economic Development Appropriations

Recommendations:

Paper No. 162 Alternative 2

Comments: The governor wants the Native American Economic Development program appropriation to be converted from GPR to PR (tribal gaming revenues). Fiscal Bureau doesn't seem to have a problem with this. Alternative 2 would accomplish this goal and give the program a needed boost to restore base funding levels from 1995-97.

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Joint Committee on Finance

Paper #162

Tribal Gaming Revenue Allocations

Native American Economic Development Appropriations (Commerce -- Departmentwide and Economic Development)

[LFB 1999-01 Budget Summary: Page 132, #4]

CURRENT LAW

A position in the Division of Administrative Services is responsible for providing technical and economic development assistance to Native American entrepreneurs and tribal communities. The Department also administers two grant programs which provide funds to the Great Lakes Inter-Tribal Council--an economic development liaison grant and economic development technical assistance grant. The Commerce liaison position and the grant programs are funded through three separate GPR appropriations. Base level funding for each appropriation is as follows: (a) Native American economic development; liaison--\$50,700 GPR and 1.0 GPR position; (b) Native American economic development; technical assistance--\$25,000 GPR; (c) Native American economic development; liaison grants--\$25,000 GPR.

GOVERNOR

Convert \$100,700 and 1.0 position annually from GPR to PR for the Department's Native American economic development program. The current appropriations used to fund the liaison, economic development liaison grant and technical assistance grant would be converted from GPR to PR. Funding, under the bill, would be provided from tribal gaming revenue provided to the state under the recently completed state-tribal gaming compact amendments. Base level funding would be maintained for each appropriation.

DISCUSSION POINTS

1. Eight tribal gaming agreements contain government to government MOU that relate to the use of additional compact payments; two agreements propose an economic development fund. A common element in most agreements is a provision that the Governor undertake his best efforts within the scope of his authority to assure that monies paid to the state under the agreements are expended for specified purposes. With certain exceptions these purposes are: (a) economic development initiatives for benefit of tribes and/or Native Americans within Wisconsin; (b) economic development initiatives in regions around casinos; (c) promotion of tourism within the state; and (d) support of programs and services of the county in which the tribe is located.

2. As noted, AB 133 would use tribal gaming compact payments to supplant GPR funding for the Department's Native American economic development program. The program provides technical and economic development assistance to Native American businesses and communities and funds grants to the Great Lakes Inter-Tribal Council (GLITC) for economic development liaison and technical assistance positions. Because the program provides economic development assistance to Native American businesses and tribes, using gaming compact monies as a funding source conforms with the provisions of the compacts.

3. The Department's Native American economic liaison position is the main state government contact for Wisconsin's Native American tribes, tribal communities and entrepreneurs regarding business and economic development activities. The position is responsible for: developing, coordinating and implementing new economic development policies and programs to strengthen tribal economies; developing and coordinating programs, policies and activities that improve economic development and relationships between tribes and surrounding communities; assisting native entrepreneurs in gaining information and access to state economic and community development programs; and providing specific data analysis, training or technical assistance required to further economic development or business recruitment in tribal communities. The liaison also administers the Department's Native American liaison and technical assistance grant programs and works with the tribal liaison and small business technical assistance coordinator to assist Native American entrepreneurs. Under AB 133, annual base level funding of \$50,700 PR in tribal gaming compact monies would be provided for the Department's liaison position.

4. The economic development liaison grant program provides \$25,000 annually to GLITC to partially fund a Council liaison between Native American businesses, tribes and individuals that are interested in economic assistance programs and the agencies and organizations that administer the programs. The liaison acts as a spokesperson for the tribes on certain economic development issues, assists in organizing and implementing joint projects, and acts as a contact between the tribes and government agencies. The liaison has provided leadership for the Wisconsin Native American Tourism Initiative, represented the tribes before the Northwest Regional Planning Commission, worked on a marketing project with the Lac du Flambeau Governor's Area Promotion Committee and assisted in planning, funding and conducting the New Dawn of Tradition Pow-wow in Madison last summer.

5. The technical assistance grant program provides \$25,000 to GLITC for a position that provides technical assistance for economic development on or near Native American communities. Entities that are eligible for technical assistance are: tribal enterprises; Native American businesses located on tribal lands; and other Native American businesses that directly benefit the economies of tribal communities. Technical assistance includes: (a) management assistance to existing businesses; (b) start-up assistance to new businesses, including developing business and marketing plans and assisting in securing development financing; and (c) assistance to new and existing businesses in gaining access to tribal, state and federal business assistance and financing programs. GLITC is prohibited from providing technical assistance for commercial gaming and gambling activities under this program. Native American projects that received technical assistance through the Council's program include completing a business plan and securing financing for expanding a recycling/salvage business, developing a business plan and obtaining financing necessary to purchase equipment and supplies for a landscaping company, and developing a business plan necessary to gain financing to expand a home repair business to include electrical repair. A total of 45 new businesses received technical assistance from GLITC in 1997-98.

6. The Great Lakes Inter-Tribal Council (GLITC) is a non-profit organization that was founded in 1965 to help Wisconsin's Native American tribes achieve a greater degree of economic and social self-sufficiency. Although tribes provide their own individual leadership, GLITC promotes inter-tribal cooperation by developing administration, technical assistance and economic development programs, obtaining technical and financial assistance and exchanging information between tribes. Ten of the state's 11 Native American Tribes are members. The GLITC board of directors includes members from each of the 10 member tribes. Individual members also provide advisory assistance concerning the operation of economic and social programs in their communities. GLITC also acts as a clearinghouse to implement and deliver services to tribes and their members.

7. The current Native American economic development program was created in 1991, although the Department provided assistance to Native American businesses and tribes in prior years. Initially, annual funding provided for the grant programs included \$50,000 GPR for technical assistance grants and \$33,500 for liaison grants. GLITC was required to provide matching funds for the liaison grant. The Department liaison was originally provided \$50,000 GPR. In the 1993-95 biennium the program was provided funding of \$58,400 GPR for the Department liaison, \$50,000 GPR for technical assistance grants and \$33,500 GPR for liaison grants.

8. As part of required agency GPR funding reductions, the 1995-97 biennial budget reduced annual funding for the Native American economic development program as follows: (a) supplies and services funding for the Department's liaison's position was reduced by \$9,000, from \$17,600 GPR to \$8,600 GPR; (b) funding for technical assistance grants was reduced by \$25,000, from \$50,000 GPR to \$25,000 GPR and GLITC was required to provide matching funds; and (c) funding for the liaison grant was reduced by \$8,500, from \$33,500 GPR to \$25,000 GPR. However, the Department indicated that the remaining supplies and services funding was adequate for the position and that GLITC would be able to find other funding sources to replace the reduced grant money. Most of the Department's GPR funded programs were subject to budget reductions.

9. Since the funding reductions, the Department and GLITC have continued to provide economic development assistance through the Native American economic development program. The GLITC technical assistance and liaison positions have been funded and have continued their activities. The Department's liaison has also continued its activities with the reduced supplies and services funding. Consequently, it could be argued that it is appropriate that tribal gaming revenue be provided at base level amounts.

10. However, the additional gaming compact revenue could be viewed as an opportunity to increase the level of state funding for the Native American economic development program and, at the same time, reinforce the state's commitment to the provisions of the gaming compacts. Currently, the technical assistant position is budgeted at \$70,000 while the liaison is budgeted \$65,000. While GLITC has been able to obtain matching funding, it has become an increasingly difficult task. Some of the matching funds are obtained through annual contracts requiring the Council to seek replacement monies every year. In other cases, the sources of funding have criteria that require the individuals to engage in activities that are not directly involved in economic development. Since most of the tribes and GLITC are located in Northern Wisconsin, the reduced supplies and services funding for the Department's liaison has somewhat limited the individual's ability to travel to areas that could benefit from assistance.

11. The GLITC has indicated that the tribes are concerned that a portion of the gaming compact monies be used for "economic development initiatives to benefit Tribes and/or American Indians within Wisconsin". The Council notes that if the current programs are strengthened, the tribes will feel the state has shown good faith and will have taken positive steps to satisfy their request for use of the compact monies.

12. The GLITC has requested that the state use the additional compact funding to fully fund the technical assistant and liaison positions and related support costs, to provide an additional administrative assistant position, and to increase funding for the Department's liaison position to align salary more closely with its responsibilities and duties. The specific request includes the following amounts of funding: (a) increase annual funding for the technical assistant grant program by \$55,700 PR, from \$25,000 to \$80,700; (b) increase annual funding for the liaison grant program by \$46,100 PR, from \$25,000 to \$71,100; (c) provide \$46,200 PR annually for an administrative assistant position with the Council; and (d) increase funding for the Department's liaison position by \$26,300 PR, from \$50,700 to \$77,000. As an alternative, the Committee could provide additional gaming compact revenue to fund this request. A second alternative would be to fund only existing positions and not provide funding for the administrative assistant.

13. Another option would be to restore funding for the Native American economic development program to the 1995-97 base levels. This would increase funding from the current levels and retain the matching requirements for the grant programs. Under this alternative: (a) annual funding for the technical assistance grant program would be increased by \$25,000 PR, from \$25,000 to \$50,000; (b) annual funding for the liaison grant program would be increased by \$8,500 PR, from \$25,000 to \$33,500; and (c) supplies and service funding for the Department's liaison would be increased by \$9,000 PR, from \$8,600 to \$17,600 PR.

ALTERNATIVES TO BASE

1. Approve the Governor's request to convert \$100,700 and 1.0 position annually from GPR to PR for the Department's Native American economic development program. Convert the current appropriations used to fund the liaison, economic development liaison grant and technical assistance grant from GPR to PR from tribal gaming revenue.

| <u>Alternative 1</u> | <u>GPR</u> | <u>PR</u> | <u>TOTAL</u> |
|---|-------------|-----------|--------------|
| 1999-01 FUNDING (Change to Base) | - \$201,400 | \$201,400 | \$0 |
| <i>[Change to Bill]</i> | \$0 | \$0 | \$0] |
| 2000-01 POSITIONS (Change to Base) | - 1.00 | 1.00 | 0.00 |
| <i>[Change to Bill]</i> | 0.00 | 0.00 | 0.00] |

2. Approve the Governor's request to convert base funding and 1.0 position from GPR to PR. In addition, provide an additional \$42,500 annually from tribal gaming revenue to restore 1995-97 base funding levels as follows: (a) Native American economic development; liaison--\$59,700 PR annually; (b) Native American economic development; technical assistance--\$50,000 PR annually; (c) and Native American economic development; liaison-grants--\$33,500 PR annually.

| <u>Alternative 2</u> | <u>GPR</u> | <u>PR</u> | <u>TOTAL</u> |
|---|-------------|-----------|--------------|
| 1999-01 FUNDING (Change to Base) | - \$201,400 | \$286,400 | \$85,000 |
| <i>[Change to Bill]</i> | \$0 | 85,000 | \$0] |
| 2000-01 POSITIONS (Change to Base) | - 1.00 | 1.00 | 0.00 |
| <i>[Change to Bill]</i> | 0.00 | 0.00 | 0.00] |

3. Approve the Governor's request to convert base funding and 1.0 position from GPR to PR. Provide an additional \$128,100 annually in tribal gaming revenue to fully fund existing programs with state funds as follows: (a) Native American economic development; liaison--\$77,000 PR annually; (b) Native American economic development; technical assistance--\$80,700 PR annually; and (c) Native American economic development; liaison-grants--\$71,100 PR annually.

| <u>Alternative 3</u> | <u>GPR</u> | <u>PR</u> | <u>TOTAL</u> |
|---|-------------|-----------|--------------|
| 1999-01 FUNDING (Change to Base) | - \$201,400 | \$457,600 | \$256,200 |
| <i>[Change to Bill]</i> | \$0 | 256,200 | \$256,200] |
| 2000-01 POSITIONS (Change to Base) | - 1.00 | 1.00 | 0.00 |
| <i>[Change to Bill]</i> | 0.00 | 0.00 | 0.00] |

4. Adopt Alternative #3. In addition, provide \$46,200 PR annually for an administrative assistant position with GLITC.

| <u>Alternative 4</u> | <u>GPR</u> | <u>PR</u> | <u>TOTAL</u> |
|---|-------------|-----------|--------------------|
| 1999-01 FUNDING (Change to Base) | - \$201,400 | \$550,000 | \$348,600 |
| <i>[Change to Bill]</i> | \$0 | 348,600 | <i>\$348,600]</i> |
| 2000-01 POSITIONS (Change to Base) | - 1.00 | 1.00 | 0.00 |
| <i>[Change to Bill]</i> | 0.00 | 0.00 | <i>0.00]</i> |

5. Maintain current law.

| <u>Alternative 5</u> | <u>GPR</u> | <u>PR</u> | <u>TOTAL</u> |
|---|------------|-------------|---------------|
| 1999-01 FUNDING (Change to Base) | \$0 | \$0 | \$0 |
| <i>[Change to Bill]</i> | \$201,400 | - \$201,400 | <i>\$0]</i> |
| 2000-01 POSITIONS (Change to Base) | 0.00 | 0.00 | 0.00 |
| <i>[Change to Bill]</i> | 1.00 | - 1.00 | <i>0.00]</i> |

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