



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #594

Tribal Elderly Transportation Grants (Transportation -- Local Transportation Aid)

[LFB 2021-23 Budget Summary: Page 572, #8]

CURRENT LAW

The Department of Administration (DOA) coordinates with tribal governments through its Divisions of Intergovernmental Relations and Gaming. The Division of Intergovernmental Relations provides services and resources to strengthen the relationship between the state and tribal governments, while the Division of Gaming administers regulatory activities under state-tribal gaming compacts. Tribal governments pay a portion of gaming revenues to the state based on compact provisions, and gaming revenues support programs at various state agencies.

Among the programs supported by tribal gaming revenues is the Department of Transportation's (DOT) tribal elderly transportation grant program which provides the eleven federally recognized Tribes of Wisconsin with financial assistance to provide transportation services to tribal elders both on and off the reservations. Any tribal gaming revenues that are not appropriated are deposited to the general fund.

DISCUSSION POINTS

1. Tribal gaming revenue paid to the state is based on provisions under state-tribal compacts. Under the compacts, payments to the state may be reduced in the event of a disaster that affects gaming operations. In 2019-20, payments were postponed because of casino closures during the COVID-19 pandemic. As a result, DOA's gaming receipts appropriation is expected to have a closing balance of -\$28,430,900 in 2020-21. Tribes are scheduled to submit the postponed 2019-20 payment in three installments (in 2021-22, 2022-23, and 2023-24). It is estimated that revenues, including postponed payments, will total \$55.7 million in 2021-22 and \$61.5 million in 2022-23.

2. Currently, DOT administers the tribal grants program. In the 2019-21 biennium,

\$435,600 annually in state tribal gaming revenues is provided to fund the program. Any unencumbered balance in the DOT appropriation, from which the program is funded, on June 30 of each year reverts back to DOA's gaming revenues appropriation. Under the program, DOT is required to annually award grants to federally recognized tribes or bands to assist in providing transportation services for elderly persons. For 2020, DOT provided all eleven of the state's tribes an equal share of the total funds, or \$39,600 each.

3. Four of the 11 federally recognized tribes in Wisconsin do not have access to public transportation and rely on the tribal elderly transportation grants program as the sole source of funding for meeting tribal elderly transportation needs. Under the existing program, operating and capital expenses are eligible; however, DOT indicates that the current annual funding levels are inadequate to cover the cost to purchase vehicle capital assets. This limits funding to operating expenses or purchasing vehicles from other state transit services. In these instances, the used vehicles purchased may have surpassed their useful life before being placed in service by the Tribes. Though a local match is not required, some tribes are able to supplement the allocation with tribal funds, funds received through intergovernmental agreements with counties, or federal funding.

4. Assembly Bill 68/Senate Bill 111 (AB 68/SB 111) would convert base level funding of \$435,600 for the tribal elderly grant program, which is currently funded from tribal gaming revenues (PR), to a newly-created SEG appropriation funded from the transportation fund. In addition, the SEG funding provided would fund an increase of \$21,800 SEG in 2021-22 and \$44,700 SEG in 2022-23 to fund a 5.0% annual increase in funding for tribal elderly transportation grants in each year of the biennium. Therefore, SEG expenditures from the transportation fund would increase by \$457,400 SEG in 2021-22 and \$480,300 SEG in 2022-23. As recommended, if the Committee wanted to increase the amount of tribal gaming revenues deposited to the general fund in the biennium, the Committee could choose to convert base level funding of \$435,600 PR for the tribal elderly grant program, to a newly-created SEG appropriation funded from the transportation fund. At the same time, and to better meet the transit capital and operating funding needs of tribal government, the Committee could also choose to provide a 5% annual increase in funding (\$21,800 SEG in 2021-22 and \$44,700 SEG in 2022-23) to tribal elderly transportation grants in each year of the 2021-23 biennium. Further, because any tribal gaming revenues that are not appropriated are deposited to the state's general fund, the conversion of the base level funding from the tribal gaming PR appropriation to a transportation fund SEG appropriation would also increase GPR revenues by \$435,600 annually. [Alternative 1]

5. The American Rescue Plan Act of 2021 (ARPA) provides one-time federal funding of \$20 billion to tribal governments nationwide. Funds may be used to respond to the COVID-19 emergency and address the pandemic's economic effects. The U.S. Department of the Treasury must allocate \$1.0 billion equally among tribal governments (approximately \$1.7 million for each of the 574 federally-recognized tribes), and has discretion to allocate the remaining \$19.0 billion. Funds will be available through December 31, 2024. While it is not yet known how much tribal governments in Wisconsin will receive under ARPA, it is possible that these funds could be used for public transportation purposes. Note further that the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provided \$15.3 million in direct assistance to federally-recognized tribes in Wisconsin in 2020. In addition, from the state's CARES Act allocation, the Governor provided \$11 million in

tribal government aid grants (\$1.0 million per tribe).

6. Also in response to the COVID-19 pandemic, the CARES Act, the Consolidated Appropriations Act of 2021 (CAA), and ARPA provide seven of the 11 tribal governments in Wisconsin with \$6,791,900 in emergency formula funding, for eligible capital, operating, planning, and administrative expenses for public transit projects. Given the supplemental federal funding provided to tribal governments under the CARES Act, CAA, and ARPA, the Committee could choose to convert base level funding of \$435,600 PR for the tribal elderly grant program, to a newly-created SEG appropriation funded from the transportation fund, but not provide additional funding. Further, because any tribal gaming revenues that are not appropriated are deposited to the state's general fund, the conversion of the base level funding from the tribal gaming PR appropriation to a transportation fund SEG appropriation would also increase GPR revenues by \$435,600 annually. [Alternative 2]

7. Under the base level funding currently included in the substitute amendment to Assembly Bill 68/Senate Bill 111, expenditures from the transportation fund are significantly higher than under the Governor's recommendations. The Governor's recommendations reduced SEG funding to the state highway improvement program and replaced that funding with bonding. Further, while the 2019-21 budget increased revenues to the transportation fund, the coronavirus pandemic has dampened the impact of those revenue increases to the fund, as well as to ongoing base level revenues. The Committee already took action to reduce transportation fund appropriations, including adopting standard budget adjustments and reestimates of sum sufficient debt service appropriations that reduced appropriations by \$46.5 million in 2021-22 and \$31.4 million in 2022-23. Despite these actions and slightly higher estimated revenues, prior to Committee actions on the remainder of the transportation budget the estimated 2022-23 ending balance is -\$32.3 million. Thus, the availability of SEG funding for tribal elderly transportation grants may be limited [Alternative 3].

ALTERNATIVES

1. Provide \$457,400 SEG in 2021-22 and \$480,300 in 2022-23 and decrease funding by \$435,600 PR annually for the tribal elderly grant program. Convert base level funding of \$435,600 for the tribal elderly grant program, which is currently funded from tribal gaming revenues (PR), to a newly-created SEG appropriation funded from the transportation fund. Increase base funding for tribal elderly transportation grants from \$435,600 to \$457,400 SEG in 2021-22 and \$480,300 SEG in 2022-23. Increase GPR revenues by \$435,600 GPR-Rev annually to reflect the conversion of the base level funding from the tribal gaming PR appropriation to a transportation fund SEG appropriation.

ALT 1	Change to Base	
	Revenue	Funding
PR	\$0	-\$871,200
SEG	0	937,700
GPR-REV	<u>871,200</u>	<u>0</u>
Total	\$871,200	\$66,500

2. Provide \$435,600 SEG annually and decrease funding by \$435,600 PR annually for the

tribal elderly grant program. Convert base level funding of \$435,600 for the tribal elderly grant program, which is currently funded from tribal gaming revenues (PR), to a newly-created SEG appropriation funded from the transportation fund. Increase GPR revenues by \$435,600 GPR-Rev annually to reflect the conversion of the base level funding from the tribal gaming PR appropriation to a transportation fund SEG appropriation.

ALT 2	Change to Base	
	Revenue	Funding
PR	\$0	-\$871,200
SEG	0	871,200
GPR-REV	<u>871,200</u>	<u>0</u>
Total	\$871,200	\$0

3. Take no action.

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