

Administration

Division of Gaming

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LFB Summary Items for Which Issue Papers Have Been Prepared

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3	Native American Tourism of Wisconsin Contract (Paper #581)



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June, 2021

Joint Committee on Finance

Paper #145

Tribal Gaming Appropriations and General Fund Revenue (Administration -- Division of Gaming)

[LFB 2021-23 Budget Summary: Page 46, #1]

CURRENT LAW

Indian gaming receipts are defined as moneys received by the state for the regulation of gaming, the certification of tribal gaming vendors, and other gaming assistance provided to tribes. In addition, gaming receipts include tribal payments to the state based on a percentage of net gaming revenue, as specified under state-tribal gaming compacts. Tribal payments fund state programs and provide revenue to the general fund. Under state-tribal agreements, the Governor must attempt to ensure that revenues are used for programs that benefit tribal communities.

Revenues from tribal gaming are allocated: (a) to appropriations specified under the DOA Indian gaming receipts appropriation for state programs (\$27,560,200 PR in 2020-21); (b) to a Department of Administration (DOA) appropriation for tribal gaming regulation (\$1,986,900 PR in 2020-21); and (c) to a Department of Justice (DOJ) appropriation for tribal gaming law enforcement (\$192,000 PR in 2020-21). Appropriations to state agencies are approved in each biennial budget process and are addressed in conjunction with the budgets of each agency. Revenues in excess of state program allocations are credited to the general fund.

DISCUSSION POINTS

1. Estimated tribal gaming revenues under 2021 Assembly Bill 68/Senate Bill 111 total \$55,687,700 in 2021-22 and \$61,548,700 in 2022-23. These estimates were calculated by DOA's Division of Gaming based on casino revenue data (including game type, date, and location), assumed growth rates, and state payment rates. This office evaluated the projections and concluded that the estimates prepared by the Division of Gaming are reasonable. However, the tribal gaming general fund revenue calculation under the bill did not include a debt service reestimate of -\$8,800 PR in

2021-22 and -\$68,900 PR in 2022-23 for the aquaculture demonstration facility. This debt service reestimate was approved by the Committee in executive action on May 6, 2021.

2. Under the compacts, payments to the state may be proportionally reduced in the event of a natural or man-made 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). These scheduled payments are included in the estimated tribal payments for the 2021-23 biennium. If tribal gaming revenues are insufficient to fund agency programs, the Indian gaming receipts appropriation (s. 20.505(8)(hm)) would be in overdraft and future revenues would be used to pay the balance from the previous year.

3. Nine of the 11 state-tribal compacts include an ancillary memorandum of understanding relating to the intended use of tribal gaming revenues. In general, the agreements indicate that the Governor must undertake his or her best efforts to assure that monies paid to the state are expended for: (a) economic development initiatives to benefit tribes and/or American Indians 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. In recognition of these state-tribal agreements, some gaming revenues are allocated for programs that benefit tribal communities. Attachment 1 provides a 10-year history of tribal gaming revenue allocations, including general fund transfers as reported in the Annual Fiscal Report.

4. Under AB 68/SB 111, tribal gaming revenue would be allocated to 18 state agencies for 52 programs, including DOA regulation and DOJ enforcement appropriations. Each of the program areas for the 2021-23 biennium is listed and briefly described in Attachment 2. Where there is a net fiscal change associated with any of these appropriations (other than standard budget adjustments), it is included under the budget summaries of the affected agency.

CONCLUSION

As a result of changes to estimated debt service payments, the amount of tribal gaming revenues deposited into the general fund for 2021-23 will be \$77,700 higher than the estimates reflected in AB 68/SB 111. These changes are reflected in the table below, which re-estimates tribal gaming general fund revenue at \$2,038,600 in 2021-22 and \$25,255,300 in 2022-23.

Revenue	Change to Base
GPR-Tribal	\$27,293,900

2021-23 Tribal Gaming General Fund Revenue

	<u>2021-22</u>	<u>2022-23</u>
Opening Balance	-\$28,430,900	\$0
Estimated Tribal Payments	\$54,897,100	\$60,458,100
Regulatory Payments	350,000	350,000
Vendor Certification Revenue	140,600	140,600
Unobligated Funds Reversions	<u>300,000</u>	<u>600,000</u>
Total Revenue	\$55,687,700	\$61,548,700
Program Allocations to State Agencies	\$25,163,700	\$36,186,500
Program Reserves	54,500	106,900
Tribal Gaming General Fund Revenue	\$2,038,600	\$25,255,300

Prepared by: Angela Miller
Attachments

ATTACHMENT 1

Tribal Gaming Revenue Allocations

	<u>Program Allocations</u>	<u>General Fund Transfer</u>
2013-14*	\$27,317,300	\$0
2014-15	27,291,900	48,878,000
2015-16	27,400,600	26,167,000
2016-17	27,342,200	27,378,000
2017-18	27,669,700	27,681,000
2018-19	27,496,300	29,066,000
2019-20	30,205,600	5,314,000
2020-21**	29,739,100	0
2021-22**	25,163,700	2,038,600
2022-23**	36,186,500	25,255,300

* No tribal gaming revenue was provided to the general fund in 2013-14 due to a withheld payment by the Potawatomi. The withheld payment was made in 2015.

** Estimated.

ATTACHMENT 2

2021-23 Tribal Gaming Revenue Appropriations AB 68/SB 111

	<u>Agency</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Purpose</u>
1	Administration	\$0	\$11,000,000	Tribal grants.
2	Administration	400,000	400,000	Tourism marketing contract.
3	Administration	125,600	160,100	Tribal relations.
4	Administration	350,000	350,000	Youth treatment wellness center.
5	Administration	563,200	563,200	County management assistance grant program.
6	Administration	356,800	356,800	UW-Green Bay and Oneida Tribe programs assistance grants.
7	Administration	189,500	189,500	Tribal governmental services and technical assistance.
8	Children and Families	1,867,500	1,867,500	Tribal family services grants.
9	Children and Families	717,500	717,500	Indian child high-cost out-of-home care placements.
10	Corrections	50,000	50,000	American Indian tribal community reintegration program.
11	Health Services	961,700	961,700	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
12	Health Services	712,800	712,800	Health services: tribal medical relief block grants.
13	Health Services	445,500	445,500	Indian substance abuse prevention education.
14	Health Services	500,000	500,000	Elderly nutrition; home-delivered and congregate meals.
15	Health Services	250,000	250,000	Reimbursements for high-cost mental health placements by tribal courts.
16	Health Services	242,000	242,000	Indian aids for social and mental hygiene services.
17	Health Services	106,900	106,900	American Indian health projects.
18	Health Services	22,500	22,500	American Indian diabetes and control.
19	Health Services	0	0	Minority health program and public information campaign grants.
20	Higher Education Aids Board	779,700	779,700	Indian student assistance grant program for American Indian undergraduate or graduate students.
21	Higher Education Aids Board	530,000	578,200	Wisconsin Grant Program for tribal college students
22	Higher Education Aids Board	405,000	405,000	Tribal College Payments
23	Historical Society	229,800	229,800	Northern Great Lakes Center operations funding.
24	Historical Society	317,800	317,800	Collection preservation storage facility.
25	Justice	695,000	695,000	Tribal law enforcement grant program.
26	Justice	631,200	631,200	County-tribal law enforcement programs: local assistance.
27	Justice	490,000	490,000	County law enforcement grant program.
28	Justice	123,900	123,900	County-tribal law enforcement programs: state operations.
29	Kickapoo Valley Reserve Board	73,600	73,600	Law enforcement services at the Kickapoo Valley Reserve.
30	Natural Resources	3,000,000	3,000,000	Transfer to the fish and wildlife account of the conservation fund.
31	Natural Resources	174,700	174,700	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
32	Natural Resources	0	0	Management of an elk reintroduction program.
33	Natural Resources	84,500	84,500	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
34	Natural Resources	0	0	Reintroduction of whooping cranes.

	<u>Agency</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Purpose</u>
35	Natural Resources	0	0	State snowmobile enforcement program, safety training and fatality reporting.
36	Public Instruction	\$200,000	\$200,000	Grants to replace race-based nicknames, logos, mascots, or team names associated with American Indians.
37	Public Instruction	222,800	222,800	Tribal language revitalization grants.
38	Public Instruction	0	0	Tribal language revitalization grants, program operations.
39	Tourism	4,267,100	4,267,100	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
40	Tourism	160,000	160,000	Grants to local organizations and governments to operate regional tourist information centers.
41	Tourism	24,900	24,900	State aid for the arts.
42	Transportation	0	0	Elderly transportation grants.
43	University of Wisconsin System	417,500	417,500	Ashland full-scale aquaculture demonstration facility operational costs.
44	University of Wisconsin System	245,700	185,600	Ashland full-scale aquaculture demonstration facility debt service payments.
45	University of Wisconsin-Madison	488,700	488,700	Physician and health care provider loan assistance.
46	Veterans Affairs	100,800	100,800	American Indian services veterans benefits coordinator position.
47	Veterans Affairs	61,200	61,200	Grants to assist American Indians in obtaining federal and state veterans benefits and to reimburse veterans for the cost of tuition at tribal colleges.
48	Wisconsin Technical College System Board	594,000	594,000	Grants for work-based learning programs.
49	Workforce Development	314,900	314,900	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
50	Wisconsin Economic Development Corporation	<u>390,000</u>	<u>390,000</u>	Tribal economic development.
	Subtotal (Non-Regulatory Items)	\$22,884,300	\$33,906,900	
51	Administration	\$2,079,100	\$2,079,300	General program operations for Indian gaming regulation under the compacts.
52	Justice	<u>\$200,300</u>	<u>\$200,300</u>	Investigative services for Indian gaming law enforcement.
	Subtotal (Regulation/ Enforcement)	\$2,279,400	\$2,279,600	
	Total Appropriations	\$25,163,700	\$36,186,500	



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June, 2021

Joint Committee on Finance

Paper #146

Native American Assistance Grants (Administration -- Division of Gaming)

[LFB 2021-23 Budget Summary: Page 51, #2]

CURRENT LAW

There are 11 federally-recognized tribal governments in Wisconsin: Bad River Band of Lake Superior Tribe of Chippewa Indians, Forest County Potawatomi Community, Ho-Chunk Nation, Lac Courte Oreilles Band of Lake Superior Chippewa Indians, Lac du Flambeau Band of Lake Superior Chippewa Indians, Menominee Indian Tribe of Wisconsin, Stockbridge-Munsee Band of Mohican Indians, Oneida Tribe of Indians of Wisconsin, Red Cliff Band of Lake Superior Chippewa Indians, St. Croix Chippewa Community, and Sokaogon Chippewa Community.

All 11 tribes and bands operate casino facilities, as authorized under state-tribal gaming compacts. Under the compacts, tribes are scheduled to make payments to the state based on a percentage of net gaming revenue (gross revenue minus winnings). Gaming payments fund programs in various state agencies and provide revenue to the general fund. Under state-tribal agreements, the Governor must attempt to ensure that gaming revenues are used for programs that benefit tribal communities.

DISCUSSION POINTS

1. Tribal gaming revenue paid to the state is based on provisions under state-tribal compacts. The first draw on gaming revenue is to state agencies for programs that generally benefit tribal communities and promote tourism. Remaining revenues are deposited in the general fund. 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. Tribes are scheduled to submit the postponed 2019-20 payment in three installments (in 2021-22, 2022-23, and 2023-24). The administration estimates that revenues, including postponed payments, will total \$55.7 million in 2021-22 and \$61.5 million in 2022-23.

2. Assembly Bill 68/Senate Bill 111 would provide \$11.0 million PR in 2022-23, funded by tribal gaming revenues, to award grants of equal amounts to the 11 federally-recognized tribes and bands in the state to meet the needs of members. Tribal governments would have discretion to allocate funds in accordance with local needs, such as to support child welfare or foster COVID-19 economic recovery. However, grant funds could not be used to pay gaming-related expenses.

3. According to the U.S. Census Bureau, the average median income for tribal areas in Wisconsin is \$44,500, with 22.6% of residents living in poverty. Comparatively, the median household income for all residents of Wisconsin is \$61,700, with 10.4% of residents living in poverty.

4. Nine of the 11 state-tribal compacts include an ancillary memorandum of understanding (MOU) relating to government-to-government matters, including the intended use of tribal gaming payments to the state. In general, the MOUs indicate that the Governor must undertake his or her best efforts to assure that monies paid to the state are expended for: (a) economic development initiatives to benefit tribes and/or American Indians 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.

5. According to DOA, the majority of support that tribes receive from the state and federal governments are tied to specific programs, leaving limited discretionary funds to address other challenges and sustain long-term projects. Tribal governments have expressed that it would be helpful to receive some of the tribal gaming revenue back to be used for discretionary purposes.

6. Tribal gaming payments to the state have generally increased since the compacts were last amended, but revenues utilized to assist tribal communities have not increased substantially. In 2004-05, tribal payments to the state totaled \$26.7 million, of which \$22.9 million (85%) was provided to state agency programs. In 2018-19, tribal payments to the state totaled \$54.5 million, of which \$27.5 million (51%) was provided to state agency programs.

7. Given tribal communities' economic hardship, state-tribal agreements directing the state to use gaming revenues for tribal assistance, and the historical lack of an increase in such assistance, the Committee could provide \$11.0 million from tribal gaming revenues to be divided equally among the tribes in 2022-23. It appears there will be sufficient gaming revenue to support the increase. [Alternative 1]

8. On the other hand, the Committee could decide to provide additional support for tribal communities, but at a lower funding amount. The Committee could allocate \$5.5 million from gaming revenues in 2022-23 for tribal assistance, sufficient for grants of \$500,000 to each tribal government. [Alternative 2]

9. The federal American Rescue Plan Act of 2021 (ARPA) provides one-time 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, including through aid to industries such as tourism and hospitality. 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 to meet various local needs in a manner similar to the proposed Native American assistance grants. 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). Given federal funding provided for tribes under the CARES Act and ARPA, the Committee could take no action. [Alternative 3]

ALTERNATIVES

1. Provide \$11,000,000 in 2022-23, funded by tribal gaming revenues, to award grants of equal amounts to the 11 federally-recognized tribes and bands in the state to meet the needs of members. Specify that grant funds may not be used to pay gaming-related expenses.

ALT 1	Change to Base
PR	\$11,000,000
GPR-REV	-\$11,000,000

2. Provide \$5,500,000 in 2022-23, funded by tribal gaming revenues, to award grants of equal amounts to the 11 federally-recognized tribes and bands in the state to meet the needs of members. Specify that grant funds may not be used to pay gaming-related expenses.

ALT 2	Change to Base
PR	\$5,500,000
GPR-REV	-\$5,500,000

3. Take no action.

Prepared by: Angela Miller



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Joint Committee on Finance

Paper #147

Tribal Youth Wellness Center (Administration -- Division of Gaming)

[LFB 2021-23 Budget Summary: Page 51, #4]

CURRENT LAW

Under 2017 Act 59, one-time funding of \$200,000 PR from tribal gaming revenue was provided to the Stockbridge-Munsee to study the creation of a tribal youth wellness center. In June, 2018, the Great Lakes Inter-Tribal Council published the resulting feasibility study and business plan outlining next steps for building a substance abuse and mental health treatment center. Under 2019 Act 9, an appropriation for a youth wellness center was created under DOA. The Act provided one-time funding of \$640,000 PR from tribal gaming revenue in 2019-20 to develop architectural plans for the center, which were completed in 2020-21. The appropriation is not provided base funding during the 2021-23 biennium.

DISCUSSION POINTS

1. An estimated 58% of youth in Wisconsin have used alcohol, while an estimated 11% have misused prescription pain medications. Native youth are estimated to be twice as likely as non-Native youth to have used opioids for nonmedical purposes, meaning that approximately one in four Native adolescents in Wisconsin has misused opioids. From 1999 to 2015, the death rate from opioid overdoses increased by more than 500% for Native Americans. In addition, the social isolation and economic hardship associated with the Coronavirus pandemic have worsened the opioid crisis.

2. Native youth in Wisconsin currently have limited treatment options for substance abuse disorders. Two facilities in Wisconsin (Eau Claire Academy and Rodgers Memorial Hospital) provide residential substance abuse services for adolescents. However, neither facility accepts Indian Health Service (IHS) reimbursements. The Indian Health Service, an agency within the federal Department of Health and Human Services, currently funds 12 youth regional treatment centers throughout the

country that address substance abuse among Native youth. While IHS supports patient care, the agency does not provide financing for the construction of facilities. The closest IHS-sponsored youth treatment center to Wisconsin is in South Dakota.

3. In 2018, the Inter-Tribal Council published a feasibility study and business plan for the treatment facility. According to the plan, the facility would provide programs for addicted youth to enable them to reintegrate themselves back into their communities and re-initiate a constructive life. As proposed, the center would provide 36 beds and the average length of stay would be 40 days. While the center would focus on serving Native adolescents, it would also serve non-Native youth in need of treatment. The center would use Dialectical Behavioral Treatment in conjunction with Medical Assisted Treatment. Interventions would also incorporate traditional Native cultural and spiritual practices, including talking circles, sweat lodges, smudging, praying and dancing. The center would be tribally-owned and operated with the assistance of a private healthcare contractor to maximize federal assistance to tribes while providing evidence-based treatments. The facility is expected to cost \$8 million to build and construction costs are expected to be funded without state support. The Council recommends building the center near Wausau because of the city's central location, highway accessibility, and relatively inexpensive real estate.

4. In August, 2020, the President of the Stockbridge-Munsee Community sent a letter to DOA requesting \$350,000 annually during the 2021-23 biennium for the treatment center. According to the request, funds would be used to develop operational and financing plans, complete program design, secure a location for the center, and comply with licensing and accreditation requirements. This request was incorporated into Assembly Bill 68/Senate Bill 111. The bill would also modify DOA's existing appropriation for the youth wellness center to repeal the limitation that funds may only be used to create architectural plans. The provision would be funded by tribal gaming revenues.

5. Tribal gaming revenue paid to the state is based on provisions under state-tribal compacts. The first draw on gaming revenue is to state agencies and remaining revenue is deposited in the general fund. Gaming revenues are estimated to total \$56 million in 2021-22 and \$62 million in 2022-23. Nine of the 11 state-tribal compacts include an ancillary memorandum of understanding relating to government-to-government matters, including the intended use of tribal gaming payments to the state. In general, the agreements indicate that the Governor must undertake his or her best efforts to assure that monies paid to the state are expended for: (a) economic development initiatives to benefit tribes and/or American Indians 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.

6. Given the prevalence of substance abuse disorders among Native youth, the lack of in-state treatment options, the state's prior investments in building a treatment center, and agreements that tribal gaming revenues be used to benefit tribal communities, the Committee could provide \$350,000 PR annually to finalize plans for the center. [Alternative 1] On the other hand, given that the proposed expenditures, such as preparing operational plans and securing a location, would only need to occur once, the Committee could provide the funds but on a one-time basis during the 2021-23 biennium. [Alternative 2] Under this alternative, the youth wellness center appropriation would not be provided base funding during the 2023-25 biennium. If the provision is not approved, the

Stockbridge-Munsee or the Great Lakes Inter-Tribal Council would need to secure another source of funding in order to move forward with establishing the treatment center. [Alternative 3]

ALTERNATIVES

1. Provide \$350,000 PR annually from tribal gaming revenues to support the tribal youth wellness center. Modify the youth wellness center appropriation to repeal the limitation that funds may only be used to create architectural plans.

ALT 1	Change to Base
PR	\$700,000
GPR-REV	- \$700,000

2. Provide \$350,000 PR annually on a one-time basis during the 2021-23 biennium from tribal gaming revenues to support the tribal youth wellness center. Modify the youth wellness center appropriation to repeal the limitation that funds may only be used to create architectural plans.

ALT 2	Change to Base
PR	\$700,000
GPR-REV	- \$700,000

3. Take no action.

Prepared by: Angela Miller



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June, 2021

Joint Committee on Finance

Paper #148

Director of Native American Affairs (Administration -- Division of Gaming)

[LFB 2021-23 Budget Summary: Page 51, #5]

CURRENT LAW

There are 11 federally-recognized tribal governments in Wisconsin. 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. In addition, each cabinet agency has designated at least one staff member to serve as a tribal liaison and to work with DOA to make sure tribal leaders receive information on a timely basis.

DISCUSSION POINTS

1. State agencies coordinate with tribal governments on a variety of issues, ranging from public health to economic development. However, there is no single state employee dedicated to fostering partnerships and resolving issues with tribal governments. The Division of Intergovernmental Relations administers the state-tribal relations program in addition to providing support services for local governments in land use planning, land information and records modernization, municipal boundary review, plat review, demography, and coastal management. Of the 16 staff assigned to the Division, only two focus on state-tribal relations, including the Division Administrator.

2. According to DOA, the tribes have requested that the administration elevate consultation between the state and the tribes. Assembly Bill 68/Senate Bill 111 would create an unclassified position to serve as the Director of Native American Affairs. The Director would be appointed by the Secretary of DOA. The bill would provide \$125,600 PR in 2021-22, \$160,100 PR in 2022-23, and 1.0 PR position annually, funded by tribal gaming revenues. The position would be placed in

executive salary group 3 (a salary range of \$76,315 to \$125,923 under the 2019-21 compensation plan) and located in the Secretary's Office.

3. The Director of Native American Affairs would be responsible for coordinating across state agencies to improve the tribal consultation process and increase collaboration on issues that impact tribal communities. According to DOA, creating this position would signal the importance the state gives to the tribal governments and further the state's interest in having effective communication and cooperation with these governments.

4. The Department indicates that the proposal reflects efforts in other states to foster state-tribal relations. According to the National Conference of State Legislatures, over 40 states have a dedicated committee or office to coordinate state-tribal relations. For example, the Montana Office of Indian Affairs serves "as a liaison between the state and the tribes and promotes economic development, environmental protection, education, support for social services, and enduring good will." In Utah, the Commission on State Indian Affairs has three staff members who "serve as liaison and promote positive intergovernmental relations" between the tribes, the Office of the Governor, and local, state, and federal agencies.

5. Under AB 68/SB 111, the position would be funded by tribal gaming revenues. Tribal gaming revenue paid to the state is based on provisions under state-tribal compacts. The first draw on gaming revenue is to state agencies and remaining revenue is deposited in the general fund. The administration estimates that gaming revenues will total \$55.7 million in 2021-22 and \$61.5 million in 2022-23.

6. Nine of the 11 state-tribal compacts include an ancillary memorandum of understanding (MOU) relating to government-to-government matters, including the intended use of tribal gaming payments to the state. In general, the MOUs indicate that the Governor must undertake his or her best efforts to assure that monies paid to the state are expended for: (a) economic development initiatives to benefit tribes and/or American Indians 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.

7. Given that the state does not have a single point of contact for tribal governments, and that tribal gaming revenues are intended to be used for the benefit of tribal communities, it could be argued that the provision is an appropriate use of funds. Further, there appears to be sufficient gaming revenue to support the position. Therefore, the Committee could create a Director of Native American Affairs position in accordance with AB 68/SB 111. [Alternative 1]

8. On the other hand, it could be argued that the current level of coordination facilitated by DOA and other cabinet agencies is sufficient. Therefore, the Commission could take no action. If the provision is not approved, staff within the Division of Intergovernmental Relations would continue to support both tribal relations and other programs, and the administration would continue to collaborate with tribal governments through each cabinet agency's tribal liaison. [Alternative 2]

ALTERNATIVES

1. Create an unclassified position to serve as the Director of Native American Affairs, responsible for managing relations between the state and tribes. Provide \$125,600 PR in 2021-22, \$160,100 PR in 2022-23, and 1.0 PR position annually, funded by tribal gaming revenues. Specify that the position be placed in executive salary group 3 and appointed by the Secretary of DOA.

ALT 1	Change to Base	
	Funding	Positions
PR	\$285,700	1.00

2. Take no action.

Prepared by: Angela Miller



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June, 2021

Joint Committee on Finance

Paper #149

Native American Economic Development: Technical Assistance Program (Administration -- Division of Gaming)

[LFB 2021-23 Budget Summary: Page 52, #6]

CURRENT LAW

The technical assistance program promotes economic development on tribal lands by providing management assistance for existing businesses, start-up assistance to new businesses (including the development of business and marketing plans), and technical assistance to help businesses gain access to financial support. The program served 130 entrepreneurs and small business owners in 2019. The program was created under 1991 Act 39 and was last modified under 2011 Act 32, when the allocation was reduced from \$88,300 to \$79,500 per year. Funds are currently allocated for program management (\$60,000), workshops and trainings (\$1,400), space rental and office supplies (\$5,100), travel costs (\$2,000), and other costs (\$11,000).

DISCUSSION POINTS

1. Each year, the Department of Administration (DOA) provides a grant of \$79,500 to the Great Lakes Inter-Tribal Council to provide technical assistance for economic development on tribal lands. The Great Lakes Inter-Tribal Council was established in 1965 to provide a mechanism through which the tribes could work through the challenges of governance and services to constituents. Member tribes include the Bad River Band of the Lake Superior Tribe of Chippewa Indians, Ho-Chunk Nation, Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, Lac du Flambeau Band of Lake Superior Chippewa Indians, Lac Vieux Desert Band of Lake Superior Chippewa Indians, Menominee Indian Tribe of Wisconsin, Oneida Nation, Red Cliff Band of Lake Superior Chippewa Indians, St. Croix Chippewa Indians of Wisconsin, Sokaogon Chippewa Community, and Stockbridge-Munsee Community. Council members represent 40,000 members, 11 reservations, and a land base of 500,000 acres in 31 counties.

2. The program's goal is to provide technical assistance to create jobs through small business development and to help Native Americans become more economically independent and financially secure. According to the Council, technical assistance is one of the most effective methods of building the capacity of entrepreneurs and small-business owners. The program facilitates trainings through two-day entrepreneurial workshops for Native American entrepreneurs interested in starting or expanding a small business. The workshops focus on business model development, record keeping, financial management, marketing, market research, and break-even analysis. The workshops help participants understand requirements for business readiness, pursue state certification as a minority- or woman-owned business, acquire business licenses, understand loans and lenders, network with potential partners, and improve job seeking and interviewing skills. In addition, the program provides one-on-one technical assistance with strategic planning, business feasibility, and financial projections.

3. In June, 2020, the Great Lakes Inter-Tribal Council submitted a letter to DOA requesting that total program funding be increased to \$110,000 (an additional \$30,500 per year) to expand small business trainings and technical assistance. Funds would be allocated annually for program management (\$71,000), workshops and trainings (\$5,000), supplies and operational costs (\$8,300), travel costs (\$4,400), and other costs (\$21,300). The Council would continue to evaluate technical consultation services, the number of workshop participants, the resources provided to participants, and feedback from small business owners to measure the program's impact.

4. Tribal gaming revenue paid to the state is based on provisions under state-tribal compacts. The first draw on gaming revenue is to state agencies and remaining revenue is deposited in the general fund. Gaming revenues are estimated to total \$56 million in 2021-22 and \$62 million in 2022-23. Nine of the 11 state-tribal compacts include an ancillary memorandum of understanding relating to government-to-government matters, including the intended use of tribal gaming payments to the state. In general, the agreements indicate that the Governor must undertake his or her best efforts to assure that monies paid to the state are expended for: (a) economic development initiatives to benefit tribes and/or American Indians 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.

5. Assembly Bill 68/Senate Bill 111 would provide an additional \$110,000 PR annually for the technical assistance program, funded by tribal gaming revenues. Funding for the program would total \$189,500 PR per year. Given that the program's expansion could strength the economic independence of tribal communities and comply with the intention that gaming revenues be used to benefit tribal communities, the Committee could increase the program's allocation by \$110,000 PR annually. [Alternative 1] It should be noted that the amount provided under AB 68/SB 111 appears to have miscalculated the Council's request by providing an additional \$110,000 per year, rather than total funding of \$110,000 per year as requested. To increase the total allocation from the base funding amount of \$79,500 PR to \$110,000 PR, the Committee could provide \$30,500 PR annually. [Alternative 2] Alternatively, the Committee could take no action. [Alternative 3]

ALTERNATIVES

1. Provide \$110,000 PR annually, funded by tribal gaming revenues, to the Great Lakes

Inter-Tribal Council to support its technical assistance program.

ALT 1	Change to Base
PR	\$220,000
GPR-Rev	-220,000

2. Provide \$30,500 PR annually, funded by tribal gaming revenues, to the Great Lakes Inter-Tribal Council to support its technical assistance program.

ALT 2	Change to Base
PR	\$61,000
GPR-Rev	-61,000

3. Take no action.

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June, 2021

Joint Committee on Finance

Paper #150

UW-Green Bay Summer Camp (Administration -- Division of Gaming)

[LFB 2021-23 Budget Summary: Page 52, #7]

CURRENT LAW

The University of Wisconsin - Green Bay offers 25 summer camps for students in grades two through 12 with topics ranging from art and music to science, technology, engineering, and mathematics (STEM). Attendance costs differ by program but generally range from \$250 to \$400 for a one-week camp, including the cost of instruction, supplies, and meals. The programs are managed by UW-Green Bay's Division of Continuing Education and Community Engagement. The Oneida Nation and UW-Green Bay previously partnered on STEM summer camps in 2019, funded by the Oneida Nation.

DISCUSSION POINTS

1. The Oneida Nation and UW-Green Bay have requested assistance to implement a summer program for Native youth. The proposed partnership would offer five week-long STEM summer camps for students in grades three to 11, to include full-day learning sessions with classroom instruction and field trips. The University's Division of Continuing Education and Community Engagement would oversee the camps, as it does for existing summer youth programs. The topics of the programs would be: engineering by land, sea, and air; environmental science; robotics and STEM; sustainability and agriculture; and introduction to engineering. The program would aim to serve 144 campers each summer and to cover tuition, meals, backpacks, and transportation without charge to students. Other expenses include employee compensation, supplies, and insurance.

2. The program's goals are to help students learn about STEM careers, solve real world challenges using STEM skills; and to visit community businesses that utilize STEM skills. The program would help students to formulate college and career aspirations by connecting students to University faculty and STEM professionals. Educational summer programming has been shown to

improve students' academic achievement and social-emotional skills. On average, students can lose up to 30% of school-year learning over the summer, and academic summer camps can lower or reverse this summer learning loss. Programs focused on STEM skills can increase students' interest in the subject matter and prepare students to succeed in careers that require the use of technology. To measure progress towards the program's objectives, students would complete self-evaluations and be required to participate in a final project to demonstrate mastery of skill and camp achievement.

3. For example, the week-long robotics and STEM camp would divide students into teams and provide each team with a computer and a Lego Mindstorm NXT kit. Teams would be given challenges to complete, requiring them to build a robot and develop programming to allow the robot to solve challenges. On the final day, teams would compete based on the creativity, ingenuity, problem-solving, communications, and teamwork skills demonstrated at camp. Campers would also visit local businesses that use robots, including manufacturing facilities such as Georgia Pacific, Paper Converting Machine Company, NEW Water, and KI furniture.

4. Funds would also be used to expand access to the University's summer scholars program, which allows students in grades 10 to 12 to earn three college credits through a one-month course. The summer scholars program allows students to save money and time by earning college credits during high school. Credits can be transferred to any UW campus and to most private and out-of-state colleges. The program generally costs \$600 per course, but would be provided without charge to eligible members of the Oneida Nation with a cumulative high school GPA of 3.0 or higher.

5. Assembly Bill 68/Senate Bill 111 would provide \$109,300 PR annually, funded by tribal gaming revenues, to UW-Green Bay for educational summer camp programs developed in partnership with the Oneida Nation of Wisconsin. Funds would support employee compensation, instructional supplies, meals, and transportation, and campers would not be charged to attend the program. The funds would be provided to DOA's existing appropriation for UW-Green Bay programs and supported by tribal gaming revenues. Tribal gaming revenue paid to the state is based on provisions under state-tribal compacts. The first draw on gaming revenue is to state agencies and remaining revenue is deposited in the general fund. Gaming revenues are estimated to total \$56 million in 2021-22 and \$62 million in 2022-23.

6. Nine of the 11 state-tribal compacts include an ancillary memorandum of understanding relating to government-to-government matters, including the intended use of tribal gaming payments to the state. In general, the agreements indicate that the Governor must undertake his or her best efforts to assure that monies paid to the state are expended for: (a) economic development initiatives to benefit tribes and/or American Indians 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.

7. Given the program's potential to improve education attainment, increase interest in STEM-related career fields, and comply with the intention that gaming revenues be used to benefit tribal communities, the Committee could approve the request. [Alternative 1] Alternatively, the Committee could take no action. [Alternative 2] If the provision is not approved, DOA indicates that the summer program would not have sufficient funds to operate. However, as was the practice in 2019, the Oneida Nation and UW-Green Bay could operate the camps independently if the

organizations are able to secure a non-state fund source.

ALTERNATIVES

1. Provide \$109,300 PR annually, funded by tribal gaming revenues, to UW-Green Bay for educational summer camp programs developed in partnership with the Oneida Nation of Wisconsin. Funds would be provided to DOA's existing appropriation for University of Wisconsin - Green Bay programming [20.505(1)(km)].

ALT 1	Change to Base
PR	\$218,600
GPR-REV	- \$218,600

2. Take no action.

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Joint Committee on Finance

Paper #151

Bingo and Raffle Appropriation (Administration -- Division of Gaming)

[LFB 2021-23 Budget Summary: Page 52, #8]

CURRENT LAW

Bingo and raffle licenses may be granted to any local religious, charitable, service, fraternal, or veterans' organization, and to any organization to which contributions are deductible for tax purposes. Fees are deposited in PR appropriations for bingo and raffle regulations, respectively. Base funding for bingo regulation is \$359,500 and 3.2 positions, while base funding for raffle regulation is \$299,000 and 2.9 positions. Both programs are administered by the Division of Gaming in the Department of Administration (DOA).

The Wisconsin Constitution requires that state revenues from charitable bingo be used for property tax relief, with the exception of funds used for regulation. In 2019-20, the bingo appropriation had an unsupported overdraft of \$38,100 and no bingo revenue was transferred to the lottery fund (for property tax relief).

DISCUSSION POINTS

1. In 2019-20, DOA's bingo appropriation had an unsupported overdraft of \$38,100, an increase of \$5,500 from the fiscal year 2018-19 overdraft. Bingo license fees have remained unchanged since 1973 and state revenues from bingo have declined for over a decade. Meanwhile, revenues associated with raffle regulation have increased. Recently, DOA conducted a time study to refine the estimated costs assignable to each gaming appropriation based on current licensing trends and technology resources. The study recommended creating a shared appropriation for bingo and raffle revenues to address the ongoing overdraft caused by the declining popularity of bingo games.

2. In its 2021-23 agency budget request, DOA asked that the current raffle and bingo appropriations be combined to provide for increased flexibility associated with administration and

regulation of the programs. According to DOA, creating a shared appropriation would provide administrative flexibility to utilize the fee and tax revenues more interchangeably to accomplish the shared goal of regulating charitable gaming activities. As shown in the table below, there appears to be sufficient revenues in the raffle appropriation to cover the bingo overdraft because revenues for raffle regulation have exceeded expenditures.

General Program Operations for Bingo and Raffle Regulation, 2019-20

	<u>Bingo Operations</u>	<u>Raffle Operations</u>
Opening Balance	-\$32,600	\$118,000
Revenues	268,600	291,800
Expenditures	<u>274,100</u>	<u>290,400</u>
Closing Balance	-\$38,100	\$119,400

3. Under 2021 Assembly Bill 68/Senate Bill 111, the appropriations for raffle and bingo operations would be combined, as requested by DOA in its agency budget request. The bill would not modify bingo or raffle fees, nor would it modify the total amount authorized for program operations. Combining the appropriations would increase administrative flexibility, as revenues from raffle fees would offset the bingo overdraft.

4. It should be noted that the bill would also remove the current law requirement that unspent bingo funds be transferred to the lottery fund at the end of each fiscal year. However, this could violate the Constitutional provision requiring that state revenues from charitable bingo be used for property tax relief. Therefore, this provision is not included as an alternative for Committee consideration. Under Alternative 1, as under current law, the combined appropriation would specify that unencumbered bingo revenues must be transferred to the lottery fund.

ALTERNATIVES

1. Combine the PR appropriations for raffle and bingo program operations. Specify that the unencumbered balance associated with bingo program operations be transferred to the lottery fund at the end of each fiscal year.

2. Take no action.

Prepared by: Angela Miller