



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #176

Tribal Gaming Revenue Allocations

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

[LFB 2001-03 Budget Summary: Page 174, #9]

CURRENT LAW

The Department's Native American liaison position provides technical and economic development assistance to Native American entrepreneurs and tribal communities. Commerce also administers two grant programs that provide funds to the Great Lakes Inter-Tribal Council (GLITC)--an economic development liaison grant program and economic development technical assistance grant program. The Commerce liaison position and the grant programs are funded through three separate program revenue appropriations. Base level funding is as follows: (1) Native American economic development; liaison--\$61,800 PR and 1.0 PR position; (2) Native American economic development; technical assistance--\$25,000 PR; (3) Native American economic development; liaison grants--\$25,000 PR. The source of PR funding for the appropriations is tribal gaming revenues.

GOVERNOR

Provide increased funding of \$65,000 PR in 2001-02 and \$69,000 PR in 2002-03 for the Native American technical assistance grant appropriation. In addition, increased annual funding of \$10,700 PR would be provided for supplies and services related to the Department's liaison's activities. The source of increased PR funding would be tribal gaming revenue.

DISCUSSION POINTS

1. 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.

2. 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. The liaison provides direct technical assistance to an average of 20 businesses a year. In addition, the liaison represents the tribes on various councils and committees and participates in seminars, conferences and other events promoting economic development for tribal communities or individual Native American entrepreneurs.

3. 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, participated in the World Travel Market, coordinated the 2001 American Indian Tourism Conference, and is coordinating the 2001 Native American Mid-Summer Conference for the Great Lakes Region.

4. 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.

5. 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.

6. 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.

7. The 1999-01 biennial budget (1999 Wisconsin Act 9) converted the funding source for the Native American economic development program from GPR to tribal gaming revenue, but no additional funding was provided.

8. 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 funding be provided at base level amounts.

9. However, the 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 \$73,000 while the liaison is budgeted \$64,000. 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.

10. 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.

11. As noted, the bill would provide an additional \$65,000 in 2001-02 and \$69,000 in 2002-03 to fully fund the technical assistance position and \$10,700 each year to increase supplies and services funding for the Department's liaison position.

12. In its budget request, Commerce requested an additional \$106,000 PR in 2001-02 and \$112,000 PR in 2002-03 to fully fund the Council's liaison position and to provide an additional administrative assistant position that would provide support to the liaison and technical assistance positions. This reflected a request from GLITC for the additional funding. Of the total, \$64,000 in 2001-02 and \$67,500 in 2002-03 would be to fully fund the liaison position and \$42,000 in 2001-02 and \$44,500 in 2002-03 would be to fund the administrative assistant position. As an alternative, the Committee could provide the additional funding for these positions. A second alternative would be to fund only the Council liaison position.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide increased tribal gaming revenue funding of \$65,000 PR in 2001-02 and \$69,000 PR in 2002-03 for the Native American technical assistance grant appropriation [20.143(1)(kf)] and \$10,700 PR annually for supplies and services for the Department's Native American liaison appropriation [20.143 (1) (kg)].

Alternative 1	PR
2001-03 FUNDING (Change to Base) [Change to Bill]	\$155,400 \$0]

2. Approve the Governor's recommendation to provide increased funding for the Native American technical assistance and Department liaison appropriations. In addition, provide \$106,000 PR in 2001-02 and \$112,000 PR in 2002-03 to the Native American liaison grants appropriation [20.143(1)(kh)] to fully fund a liaison and technical assistant position.

Alternative 2	PR
2001-03 FUNDING (Change to Base) [Change to Bill]	\$373,400 \$218,000]

3. Approve the Governor's recommendation to provide increased funding for the Native American technical assistance and Department liaison appropriations. In addition, provide

\$64,000 PR in 2001-02 and \$67,500 PR in 2002-03 to the Native American liaison grants appropriation [20.143(1)(kh)] to fully fund a liaison position.

Alternative 3	PR
2001-03 FUNDING (Change to Base)	\$286,900
<i>[Change to Bill]</i>	<i>-\$131,500]</i>

4. Maintain current law.

Alternative 4	PR
2001-03 FUNDING (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>-\$155,400]</i>

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