



## Legislative Fiscal Bureau

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February 1, 2022

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration: Section 13.10 Request for Tribal Assistance Funds -- Agenda Item I

### REQUEST

Transfer \$7,000,000 in 2021-22 from the Joint Committee on Finance's program revenue (PR) supplemental appropriation to the Department of Administration (DOA) for tribal assistance grants.

### BACKGROUND

Under 2021 Act 58 (the 2021-23 budget act), \$7,000,000 PR in tribal gaming revenues was reserved in the Finance Committee's supplemental appropriation for tribal grants in 2021-22. The Act also created an annual PR appropriation under DOA for tribal grants [s. 20.505(1)(kk)]. Statutory language requires DOA to establish the amount of each grant based on the pro rata number of employees employed by the tribe or band as of December 31, 2019. The grants may be used as each recipient deems necessary to meet the needs of its members, but may not be used for gaming-related expenses. The program is scheduled to sunset on July 1, 2022.

### ANALYSIS

There are 11 federally-recognized tribal governments in Wisconsin, all of which 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. Under Act 58, it was estimated that tribal gaming revenues would total \$55.7 million in 2021-22. Of that, \$37.5 million is allocated for state agency programs in 2021-22, including the \$7.0 million reserved for tribal assistance grants. It should be noted that 2019-20 payments were postponed because of casino closures during the COVID-19 pandemic. As a result, Act 58 estimated that the closing balance of DOA's gaming

receipts appropriation would be -\$28.4 million in 2020-21 and that the general fund transfer would be \$0 in 2021-22. Tribes are expected to make postponed payments over a three-year period, beginning in 2021-22.

According to the U.S. Census Bureau, the average median income for tribal areas in Wisconsin is \$44,500, with 23% of residents living in poverty. Comparatively, the median household income for all residents of Wisconsin is \$61,700, with 10% of residents living in poverty. According to DOA, the majority of support that tribes receive from the state and federal governments is 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.

In accordance with the statutory requirement that grants be allocated based on the number of employees as of December 31, 2019, awards would be distributed by DOA as shown in the table below. The employee count is based on the total number of persons (members and non-members) employed by the tribe or band and any tribe- or band-owned entity as of January 1, 2020. Given tribal communities' economic hardship, state-tribal agreements directing the state to use gaming revenues for tribal assistance, and the availability of such funds, the Committee could approve the request to transfer \$7.0 million in 2021-22 to DOA for tribal grants. [Alternative 1]

### **Distribution of Tribal Assistance Funds**

<u>Tribe or Band</u>	<u>Employee Count</u>	<u>Award Amount</u>
Forest County Potawatomi	4,490	\$1,762,300
Oneida Nation	3,511	1,378,100
Ho-Chunk Nation	3,206	1,258,400
Menominee Indian Tribe of Wisconsin	1,555	610,400
St. Croix Chippewa Indians of Wisconsin	1,156	453,700
Lac Courte Oreilles Band of Lake Superior Chippewa	1,137	446,300
Lac du Flambeau Band of Lake Superior Chippewa	980	384,600
Stockbridge-Munsee Community Band of Mohican Indians	577	226,500
Red Cliff Band of Lake Superior Chippewa	460	180,600
Bad River Band of Lake Superior Chippewa	456	179,000
Sokaogon Chippewa Community	<u>306</u>	<u>120,100</u>
<b>Total</b>	<b>17,834</b>	<b>\$7,000,000</b>

It should be noted that tribal governments in Wisconsin have recently received federal assistance related to the COVID-19 pandemic. 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 grants (\$1.0 million per tribe). In 2021, the American Rescue Plan Act (ARPA) provided one-time funding of \$20 billion to tribal governments nationwide. The U.S. Department of the Treasury must allocate \$1.0 billion equally among tribal governments (approximately \$1.7 million each) and has discretion to allocate the remaining \$19.0 billion. The

Treasury's allocation method provides that 65% (\$12.3 billion) will be distributed based on tribal enrollment, and the remaining 35% (\$6.7 billion) will be based on tribal employment data. To date, ARPA funds allocated to each tribe have not been published.

If the amounts reserved for tribal grants are not transferred to DOA before June 30, 2022, the funds will lapse to DOA's appropriation for tribal gaming receipts [s. 20.505(8)(hm)]. Any receipts that are not spent by state agency programs are subsequently transferred to the state's general fund.

## **ALTERNATIVES**

1. Approve the request to transfer \$7,000,000 PR in 2021-22 from the Joint Committee on Finance's supplemental funding appropriation under s. 20.865(4)(g) to the Department of Administration's appropriation under s. 20.505(1)(kk) for tribal assistance grants.
2. Deny the request.

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