



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #679

Delete Tribal Gaming Funding (UW System)

[LFB 2015-17 Budget Summary: Page 464, #18, 465, #20, and 466, #23]

CURRENT LAW

The Department of Administration transfers funds annually from tribal gaming receipts to the UW System for the following purposes: (a) the physician and dentist and health care provider loan assistance programs (\$488,700); (b) the aquaculture demonstration facility (\$417,500); and (c) programming at UW-Green Bay (\$247,500). These funds are deposited in the UW System's program revenue appropriation for funds transferred from other state agencies.

GOVERNOR

Delete an appropriation and other language under DOA transferring tribal gaming receipts to the UW System on July 1, 2016.

In addition, delete the statutory language related to the physician and dentist and health care provider loan assistance programs; delete statutory language creating and related to the rural health development council; delete statutory language requiring the Board of Regents to operate the aquaculture demonstration facility and modify statutory language to permit, rather than require, the UW System to conduct applied and on-site research, outreach activities, and on-site demonstrations relating to commercial aquaculture in this state in cooperation with the commercial aquaculture industry; and delete language requiring the Board of Regents to ensure that UW-Green Bay implements programming that is jointly developed by UW-Green Bay and the Oneida Tribe and specifying that tribal gaming revenues be used to finance that jointly developed programming.

DISCUSSION POINTS

Physician and Dentist and Health Care Provider Loan Assistance Programs

1. The physician loan assistance program was created by 1989 Act 317 and the health care provider loan assistance program was created by 1993 Act 16. Both programs were initially housed in the Department of Commerce and funded with state general purpose revenue (GPR). Under 1999 Act 9, the GPR funding provided for both programs was deleted and replaced with PR-tribal gaming. The physician and health care provider loan assistance programs were modified by 2001 Act 16 to make dentists and dental hygienists eligible for loan repayments as well. Under 2011 Act 28, the physician and dentist and health care provider loan assistance programs were transferred from the Department of Commerce to the UW System. 2009 Act 9 provided funds from the critical access hospital trust fund to the UW System through a segregated appropriation to provide additional funding for loan repayments on behalf of physicians practicing in rural areas. This appropriation, which would also be deleted under the bill, is addressed in the LFB budget paper titled "Delete Segregated Fund Appropriations."

2. Under the physician and dentist loan assistance program, the UW Board of Regents may repay up to \$50,000 in education loans on behalf of a physician or dentist who agrees to practice in one or more eligible practice areas or dental health shortage areas in this state. Under the health care provider loan assistance program, the Board may repay up to \$25,000 in education loans on behalf of a health care provider, defined as a dental hygienist, physician assistant, nurse midwife, or nurse-practitioner, who similarly agrees to practice in one or more eligible practice areas in this state. To be eligible for loan repayment, the physician, dentist, or health care provider must enter into a written agreement with the Board in which he or she agrees to practice at least 32 clinic hours per week, 45 weeks per year, for three years in an eligible practice area. Physicians and dentists must also agree to treat patients who are insured by or for whom health benefits are payable under Medicare, medical assistance (MA), or other government programs. In 2014-15, loan assistance was provided to a total of 63 physicians, dentists, and health care providers using the tribal gaming revenues provided for the programs.

3. Program participants who meet additional requirements may also be eligible for federally-funded loan repayments through the expanded loan assistance program. The UW System currently receives \$300,000 annually in federal funding for the expanded loan assistance program. This funding requires state matching funds and would not be received if state funding were eliminated for the physician and dentist and health care provider loan assistance programs.

4. Current law specifies that loan repayments are subject to the amount of tribal gaming funds that are transferred to the Board of Regents for that purpose. This means that the Board would not be obligated to continue to make loan payments on behalf of the physicians, dentists, and health care providers with which it currently has agreements if this funding were to be eliminated.

5. If the Committee wishes to restore funding for the physician and dentist and health care program loan assistance programs, the Committee could restore the language under DOA transferring \$488,700 from tribal gaming receipts to the Board of Regents for loan repayments

through the physician and dentist and health care provider loan assistance programs in 2016-17. In this case, the Committee may also wish to restore the language related to those programs which specifies eligibility for the program, loan repayment amounts and schedules, and establishes priorities in applicants.

6. The Governor's budget bill would also delete the Rural Health Development Council (RHDC) which was transferred from the Department of Commerce to the UW System along with the two loan assistance programs. The RHDC consists of the Secretaries of the Departments of Health Services, Agriculture, Trade, and Consumer Protection, and Workforce Development or their designees, and 15 members nominated by the Governor and appointed by the Senate to five-year terms. The appointed members must include representatives of all of the following: (a) the UW-Madison School of Medicine and Public Health; (b) the Medical College of Wisconsin; (c) the Wisconsin Health and Educational Facilities Authority; (d) a private lender that makes loans in rural areas; (e) a hospital located in a rural area; (f) a clinic located in a rural area; and (g) public health services. In addition, the appointees to the RHDC must include a physician, a dentist, a nurse, and a dental hygienist, all of whom must practice in a rural area, and a member of the public from a rural area.

7. Under current law, the RHDC: (a) advises the Board of Regents on matters related to the physician and dentist and health care provider loan assistance programs; and (b) advises the Board of Regents on the amount that should be repaid on behalf of each health care provider who participates in the health care provider loan assistance program. In addition, the RHDC is to advise the Department of Administration regarding the promulgation of rules for the rural hospital loan guarantee program. These rules were promulgated in January, 1992. Prior to being transferred to the UW System, the RHDC had additional responsibilities including making recommendations in the following areas: (a) coordination of state and federal programs pertaining to rural health care delivery; (b) improvement in the delivery of health care to persons living in rural areas of the state that qualify as eligible practice areas; and (c) the evaluation by communities of the linkage between rural health facilities and economic development for the purpose of determining the value of local support for rural health facilities. According to UW staff, the RHDC meets quarterly and considers issues related to rural health care and economic development issues in addition to advising the Board of Regents on issues related to the loan assistance program.

Aquaculture Demonstration Facility

8. The Legislature enumerated \$3,000,000 of program revenue supported borrowing to be repaid with tribal gaming revenues for an aquaculture center under 1999 Act 9. The enumeration had been requested by the Ashland Area Industrial Development Corporation, not the UW System, at \$5,000,000 of general fund supported borrowing. Under 2001 Act 16, the enumeration was increased by \$350,000 for the purchase of movable equipment for the aquaculture facility and \$250,000 PR-tribal gaming and 1.0 position was provided in 2002-03 for the operation and maintenance of the facility. Under 2003 Act 33, funding for the operation of the aquaculture facility was reduced by \$150,000 to \$100,000 PR-tribal gaming annually and subsequently increased to \$338,900 in 2005-06 and \$392,700 in 2006-07 under 2005 Act 25. Under current law, DOA is required to transfer \$417,500 PR-tribal gaming annually to the UW System for operational costs

related to the aquaculture demonstration facility.

9. The Northern Aquaculture Demonstration Facility (NADF), located in Red Cliff, is currently operated by UW-Stevens Point. NADF partners with aqua-businesses around the state to research best practices for cold water fish and to develop commercial fish markets. NADF staff apply for grants and form partnerships to secure funding to support the research activities of the facility. According to NADF staff, NADF has secured more than \$3.3 million in federal and private grants. These grants support three additional positions at the facility as well as fund student internship positions. NADF also offers student internships, which are funded by grants, that fulfill a requirement of the aquaculture minor offered by UW-Stevens Point. In addition, NADF has partnered with a business located in Montello to open an aquaponics innovation center to conduct research and provide training in aquaponics.

10. The tribal gaming funding allocated to NADF support four full-time positions and funds the facility's utility costs. According to the NADF Director, if the tribal gaming funding that is provided to NADF were to be eliminated as proposed in the Governor's budget, both NADF and the new aquaponics innovation center would close.

11. Statutory language under the Department Agriculture, Trade, and Consumer Protection (DATCP) requires the UW System to conduct applied and on-site research, outreach activities, and on-site demonstrations relating to commercial aquaculture in this state in cooperation with the commercial aquaculture industry. DATCP is charged with coordinating its aquaculture activities with the UW System and the Department of Natural Resources (DNR) and to conduct meetings on a quarterly basis between DATCP, DNR, and UW System representatives to exchange information regarding the progress of their efforts to promote commercial aquaculture in this state.

12. The Governor's budget bill deletes most of current law in the chapter of the statutes establishing the UW System. By eliminating language requiring or permitting the Board of Regents to take a specific action or specific actions, it could be argued that the Governor's bill increases the Regents' authority to determine how best to use the resources available to them to accomplish the UW System's mission of instruction, research, and public service.

13. The Governor's budget would modify current law to permit, rather than require, the UW System to conduct research, outreach, and demonstrations related to commercial aquaculture. To be consistent with the other provisions of the bill, the Committee may instead delete current law requiring the UW System to conduct research, outreach, and demonstrations related to commercial aquaculture and delete language requiring DATCP to coordinate its aquaculture activities with the UW System and to meet quarterly with UW System representatives regarding the progress of efforts to promote commercial aquaculture. Conversely, if the Committee elects to restore the funding for the aquaculture demonstration facility, the Committee may wish to restore the language requiring, instead of permitting, the UW System to conduct research, outreach, and demonstrations related to commercial aquaculture.

Programming at UW-Green Bay

14. 2001 Act 16 provided \$250,000 PR-tribal gaming in an appropriation under DOA to

finance programming at UW-Green Bay that is jointly developed by the Oneida Tribe and UW-Green Bay. Most of the funding provided is used to fund costs related to men's basketball games which are played at the Resch Center in downtown Green Bay with the remainder being used to support the women's basketball team and the men's and women's soccer teams. According to UW-Green Bay staff, this is consistent with the initial intent of the appropriation which was for a portion of the tribal gaming revenues generated by the Oneida tribe to be spent in the Green Bay area. If the Committee wishes to restore this funding, the Committee may also wish to delete the statutory language that specifies that the funding should be used to programming that is jointly developed by the Oneida Tribe and UW-Green Bay. This modification would be consistent with current practice.

General Issues

15. Tribal gaming revenues that are not allocated to state agencies are deposited in the state's general fund. If the Committee were to restore funding from tribal gaming revenues to the UW System in 2016-17 for the physician and dentist and health care provider loan assistance programs, for UW-Green Bay programming, or for the aquaculture demonstration facility, the year-end balance of the general fund would be reduced by the same amount.

16. Both the Northern Aquaculture Demonstration Facility and the Resch Center, where the UW-Green Bay men's basketball team plays, are located near tribally-controlled casinos. Other than the locations of those two facilities, there is no clear connection between tribal gaming or the Wisconsin tribes and the physician and dentist and health care provider loan assistance programs, UW-Green Bay programming, or the aquaculture demonstration facility. For that reason, the Committee may wish to provide GPR, instead of tribal gaming revenues, to the UW System through its GPR appropriation for general purpose operations to support these programs. Because tribal gaming revenues that are not allocated to state agencies are deposited in the state's general fund, this would have the same effect on the general fund balance as restoring tribal gaming funds for the UW System.

17. Under the Governor's budget, the UW System would receive \$774,846,500 GPR through its general program operations appropriation (known as the "GPR block grant") in 2016-17. If the Committee does not restore the tribal gaming revenues or provide additional GPR funds to support the physician and dentist and health care provider loan assistance programs, the aquaculture demonstration facility, and Oneida programming at UW-Green Bay, the Board of Regents could use funds from its GPR block grant to support those activities. However, the Governor's budget would also reduce the UW System's GPR block grant by \$150 million annually which would require UW institutions to reduce their operations and to use their tuition balances to fund some costs. Given the proposed GPR base budget reduction, the Regents may choose not to continue to fund the physician and dentist and health care provider loan assistance programs, the aquaculture demonstration facility, and Oneida programming at UW-Green Bay if funds are not specifically provided for those purposes.

ALTERNATIVES

A. Physician and Dentist and Health Care Provider Loan Assistance Programs

1. Approve the Governor's recommendation.
2. Modify the Governor's budget to restore current law under DOA transferring \$488,700 from tribal gaming receipts to the Board of Regents for loan repayments through the physician and dentist and health care provider loan assistance programs in 2016-17. In addition, restore the statutory language related to the two programs.

ALT A2	Change to Bill
PR	\$488,700
GPR-REV (Tribal)	- \$488,700

3. Modify the Governor's recommendation to provide \$488,700 GPR in 2016-17 for loan repayments through the physician and dentist and health care provider loan assistance programs through the UW System's GPR block grant. In addition, restore the statutory language related to the two programs.

ALT A3	Change to Bill
GPR	\$488,700

4. Modify the Governor's budget to restore current law creating and related to the rural health development council.
5. Delete provision. (This would have the same effect as adopting alternatives A2 and A4.)

B. Aquaculture Demonstration Facility

1. Approve the Governor's recommendations.
2. Modify the Governor's budget to restore current law under DOA transferring \$417,500 from tribal gaming receipts to the Board of Regents for operational costs of the aquaculture demonstration facility in 2016-17.

ALT B2	Change to Bill
PR	\$417,500
GPR-REV (Tribal)	- \$417,500

3. Modify the Governor's budget to provide \$417,500 GPR in 2016-17 for operational costs of the aquaculture demonstration facility through the UW System's GPR block grant.

ALT B3	Change to Bill
GPR	\$417,500

4. Modify the Governor's budget to require, instead of permit, the UW System or UW System Authority to conduct applied and on-site research, outreach activities, and on-site demonstrations relating to commercial aquaculture in this state in cooperation with the commercial aquaculture industry.

5. Modify the Governor's budget to delete current law requiring the UW System to conduct research, outreach, and demonstrations related to commercial aquaculture and requiring DATCP to coordinate its aquaculture activities with the UW System and to meet quarterly with UW System representatives regarding the progress of efforts to promote commercial aquaculture.

6. Delete provision. (This would have the same effect as adopting alternatives B2 and B4.)

C. Oneida Programming at UW-Green Bay

1. Approve the Governor's recommendations.

2. Modify the Governor's budget to restore the appropriation under DOA transferring \$247,500 from tribal gaming receipts to fund programming at UW-Green Bay in 2016-17. Do not restore language specifying that programming be developed jointly with the Oneida Tribe and requiring the Board of Regents to ensure that UW-Green Bay implements programming that is jointly developed by UW-Green Bay and the Oneida Tribe.

ALT C2	Change to Bill
PR	\$247,500
GPR-REV (Tribal)	-\$247,500

3. Modify the Governor's recommendation to provide \$247,500 GPR in 2016-17 through the UW System's GPR block grant appropriation to fund programming at UW-Green Bay in 2016-17. Do not restore language specifying that programming be developed jointly with the Oneida Tribe and requiring the Board of Regents to ensure that UW-Green Bay implements programming that is jointly developed by UW-Green Bay and the Oneida Tribe.

ALT C3	Change to Bill
GPR	\$247,500

4. Delete provision. (This would have the same effect as adopting alternative C2 except that language specifying that programming be developed jointly with the Oneida Tribe and requiring the Board of Regents to ensure that UW-Green Bay implements programming that is jointly developed by UW-Green Bay and the Oneida Tribe would also be restored.)

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