

Per Capita vs. GWA: What is the difference?

Per Capita

US Code Title 25 Chapter 29

'Per Capita payments are subject to Federal taxation and Tribes notify members of such tax liability when payments made'

Reported to members on a 1099Misc each year

- Native American Finance Officers Association initiative
- IRS Notice 2015-34 attempts to correct the taxation issue created by Per Capita
- 'The Internal Revenue Service has consistently concluded, however, that certain payments made to or on behalf of individuals by govt units under governmentally provided social benefit programs for the promotion of general welfare act are not included in a recipient's gross income. (General welfare exclusion)
- No 1099Misc form annually

2020 GWA Payment

- Pandemic Relief Assistance Program (PRAP)– CRF Funding
 - Established July 29, 2020 amount \$1000
 - Application process placed in Economic Support (ES)
 - Paper applications, hand entered, manual process, no way for members to confirm application was received, potential to be lost in mail
- PRAP Round 2
 - Issued December 17, 2020
 - Not enough time to mail paper application, have application returned and process payment within published deadlines for funding which was originally 12/30/2020
 - Members who didn't apply for first payment didn't have chance to apply for second

2021 Payments

- Funded Elder 62+ \$2000 GWA payment
- Funded General Member \$500 GWA payment
- Funded Minor Per Capita \$500 allocation to Minor's Trust
- Funded Elder 65+ \$703.54 Per Capita funded by Trust Funds
- Funded ARPA GWA payment, \$1000 for FY 2021, FY2022, and FY2023 all in FY2020 for \$3000
- Automated the application process, members receive confirmation application was received
- Automated transfer of information from ES to accounting information system
- Programmed application to try to verify routing numbers, identified old information created issues for some members banks and they received checks instead of direct deposit
- Application process was completed earlier which allowed earlier payment, 3 payment dates to ensure members had an opportunity to apply for ARPA funds

2022 Payments Payment Date 9/30/2022

- Funding Elder 62+ \$2000 GWA payment
- Funding General Member \$1300 GWA payment
- Funding Minor **Per Capita** \$1300 allocation to Minor's Trust
 - Constructive receipt with IRS creates complexities that need to be worked out
- Funding Elder 65+ GWA \$703.54 funded by Trust Funds
- Moved from ES to Trust and Enrollments
 - DTS update application process to create link from application to T/E database
 - DTS create NEW 65+ GWA application
 - DTS create process to transfer application information to “interface batch”
 - Central Accounting test and approve “interface batch” to ensure reporting corrected
 - Working with outside vendor to verify specific information for direct deposit

2022 GWA Payment Deadlines

- Application tentatively open 7/14/2022
- Must apply by 9/7/2022
- Checks mailed on 9/30/2022
- Direct deposit deposited on 9/30/2022
- Don't miss the application deadline!

(Late applications will be accepted 9/8/2022 to 3/1/2023, Payment on 3/31/2023)

Project Timeline

- Application creation takes approximately 3-4 weeks with testing
- Interface batch programming takes another 4-6 weeks
- Data transfer to accounting information system and testing takes another 4-6 weeks
- Total time 11-16 weeks
- Still need work on the process to validate bank information
- Additional 1-2 weeks to upload information and correct errors
- Decision to move from ES to Trust and Enrollments was made in February
- Application tentatively open July 14, 2022
- Unfortunately, not enough weeks to allow for payment prior to 9/30

Savings at the Pump

- DTS needs to create application
- DTS needs to create the interface batch
- DTS needs to create transfer of information from Trust and Enrollment to accounting information system
- Central Accounting needs to test reporting is correct
- Total timeframe to complete 11-16 weeks
- Payment to all members 18+ who apply when application is available
- Members On and Off Rez eligible
- Amount \$300
- Earliest process can be completed approximately 10/14/2022

Internal Constraints

- Smaller Central Accounting department (45 budgeted FTE pre-Pandemic vs 35 FTE post-pandemic) Lean mean accounting machine
- One day available to process additional payments for members (Thursday) to keep up with regular daily workload
- Interim Audit will start in August
- Fiscal Year End September
- Audit late October to December

Yaw^ko

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