



# **Economic Development and Other State-Tribal Issues in Indian Country**



**Final Report of the State-Tribal  
Relations Interim Committee  
November 2006**

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# **State-Tribal Relations Interim Committee 2005-2006**

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Presiding Officer

Representative Gordon Hendrick  
Vice Presiding Officer

Representative Joan Andersen  
Senator Jerry O'Neil  
Senator Frank Smith

Representative Joey Jayne  
Senator Gerald Pease  
Senator Donald Steinbeisser

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# **Economic Development and Other State-Tribal Issues in Indian Country Chapter One**

## **Origin and Responsibilities of the Committee**

The State-Tribal Relations Committee (Committee) was created in 1977 as the Committee on Indian Legal Jurisdiction. The purpose of creating the Indian Legal Jurisdiction Committee was to meet with various Indian tribes in Montana to identify common bonds between Indians and non-Indians and to propose legislation for the mutual benefit of both groups. The Indian Legal Jurisdiction Committee's major recommendation to the 1979 Legislature was the creation of a select committee on Indian affairs. The Indian Legal Jurisdiction Committee further recommended that the 1981 Legislature create a permanent Indian affairs committee if the select committee proved valuable in improving Indian/non-Indian relations.

The 1979 Legislature accepted the recommendation and created the Select Committee on Indian Affairs. However, although subsequent Legislatures recognized the importance of the Indian Affairs Committee in acting as a liaison between Indian people and the Legislature by reauthorizing the committee every legislative session, there was a reluctance to create a permanent Indian affairs committee. Finally, in 1989, the Committee on Indian Affairs was established as a permanent statutory committee.

In 1999, the Legislature passed Senate Bill No. 11 that reorganized the interim committee structure by consolidating committees and establishing permanent interim committees with membership drawn from specific session standing committees. Senate Bill No. 11 eliminated the Committee on Indian Affairs and folded its responsibilities into the newly created Law, Justice, and Indian Affairs Committee (LJIAC). The LJIAC was selected to serve as the forum for state-tribal relations because many of the issues affecting state-tribal relations would most likely be addressed by the House and Senate Judiciary Committees; the membership of the LJIAC was drawn from these committees. At the same time, the Coordinator of

Indian Affairs was circulating a proposal to create a Commission on Indian Affairs that would be attached to the Executive Branch. This proposal eventually became a study resolution assigned to the LJAC. It seemed appropriate, then, for the LJAC to assume state-tribal liaison responsibilities in light of the possibility that a commission would be created.

At the end of the 1999-2000 interim, after months of study, the LJAC recommended that, because of a lack of general support for the idea, the proposal for a Commission on Indian Affairs be tabled. In its place, the LJAC recommended to the Legislative Council and the 57th Legislature that a separate State-Tribal Relations Committee be created that would assume the LJAC's state-tribal liaison responsibilities.

During the 2001 legislative session, the Montana Legislature passed Senate Bill No. 10 that made significant changes to the legislative interim committee structure. One of the changes was the creation of a State-Tribal Relations Committee with the following responsibilities:

- to act as a liaison with tribal governments;
- to encourage state-tribal and local government-tribal cooperation; and
- to conduct interim studies as assigned.

## **Committee Membership**

The Committee is composed of eight members: four senators and four representatives appointed on a bipartisan basis. The Committee is appointed prior to the end of each legislative session and serves until the next Committee is appointed.

The 2005-2006 members were:

Senator Jerry O'Neil	Representative Joan Andersen
Senator Gerald Pease	Representative Gordon Hendrick
Senator Frank Smith	Representative Joey Jayne
Senator Donald Steinbeisser	Representative Jonathan Windy Boy



## Committee Administration

At its first meeting, on June 27, 2005, Representative Jonathan Windy Boy was elected Presiding Officer and Representative Gordon Hendrick was elected Vice Presiding Officer. The Committee was staffed by Christopher Lohse, research analyst; Connie Erickson, research analyst; Eddy McClure, attorney; and Dawn Field, secretary.

## Committee Activities

The Committee met seven times between June 2005 and September 2006. Three of the meetings were devoted to the Committee's responsibility to encourage state-tribal cooperation. In furtherance of its responsibility to act as a liaison with Indian tribes, the Committee traveled to two Indian reservations during the interim: the Fort Peck Reservation in November of 2005 and the Blackfeet Reservation in May of 2006. The sixth meeting, in July, was devoted to formulating Committee recommendations. At an August 2006 meeting, the Committee recommended sponsoring two bill drafts.

The Committee was directed by the Legislative Council to conduct the study requested in House Joint Resolution No. 41 (HJR 41), a study of economic development in Indian country. A more detailed discussion about HJR 41 is contained in Chapter Four of this report.

## Committee Recommendations

At its final meeting on August 28, 2006, the Committee approved the following bill drafts for introduction in the 2007 legislative session (see Appendix A for bill drafts):

- **LC 356 (Drafted as LC 9997)** — Delegation of authority to the Governor to negotiate authorized Class III gaming compacts for play exclusively on Indian lands for the exclusive economic benefit of Montana Indian Tribes.
- **LC 346 (Drafted as LC 9998)** — Revision of 2-15-143, MCA, a statute related to training of state employees that have regular communication with tribes, state-tribal discussions of policies affecting tribal governments and tribal

populations, and annual agency review of activities related to tribal governments and tribal populations.

# **Economic Development and Other State-Tribal Issues in Indian Country Chapter Two**

## **Liaison with Tribal Governments**

One of the most important responsibilities of the Committee is to act as a liaison between the state and the eight tribal governments of Montana. This responsibility has been part and parcel of the work of the Committee since its inception in the

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1970s. In order to fulfill this responsibility, the Committee visits two Indian reservations each interim. This past interim, the Committee was privileged to visit the Fort Peck Reservation and the Blackfeet Reservation.

## **Fort Peck Reservation**

### **Background**

The Fort Peck Reservation is located in extreme northeastern Montana on the north side of the Missouri River. The Reservation is 110 miles long and 40 miles wide. It covers over 2 million acres, of which 926,000 are Indian-owned. The Reservation includes parts of Valley, Daniels, Sheridan, and

Roosevelt Counties. Elevation varies from 1,900 to 3,100 feet. The land is primarily gently rolling hills and plains. The land is nonforested except for stands of cottonwood along the creek and river bottoms.



Location of Fort Peck Reservation

The Fort Peck Reservation is home to the Assiniboine Indians and three divisions of the Sioux: Sisseton/Wahpeton, Yanktonai, and Teton Hunkpapa. There are

approximately 11,000 enrolled members of the Fort Peck Tribes, 6,000 of whom live on or near the Reservation.

The Fort Peck Indian Agency was established in 1871 to serve the Sioux and Assiniboine Indians. Three years later, President Ulysses Grant created a joint reservation of 20 million acres north of the Missouri River for the Assiniboine, Sioux, Blackfeet, and Gros Ventre Indians. Pressure from railroad companies for land for rail lines resulted in the tribes being forced to cede more and more of their land. Finally, in 1888 the present-day boundaries of the Blackfeet, Fort Belknap, and Fort Peck Reservations were established by Congress.

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**The economy on the Fort Peck Reservation has historically relied on agriculture and oil and natural gas production.**

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The Fort Peck Tribes are governed by a Tribal Executive Board with 12 voting members. There is also an elected chairman, vice chairman, and sergeant-at-arms and an appointed secretary-accountant. Board members and officers

are elected at large for 2-year terms. Poplar is the government center on the Reservation. Tribal officers as of the Committee's visit were: John Morales, Chairman; Roxanne Gourneau, Vice Chairman; and George Ricker, Sergeant-at-Arms. Board members are Roxann Bighorn, Floyd Azure, Marvin Youpee, Arlyn Headdress, A.T. Stafne, Leonard Crow Belt, Abe Chopper, Frank Smith (also a state senator), Thomas Anketell III, Walter Clark, Ray Eder, and Daryl Red Eagle.

The economy on the Fort Peck Reservation has historically relied on agriculture and oil and natural gas production. In 1974, the Fort Peck Tribes set up A & S Industries to refurbish M-1 rifles for the federal government. A & S eventually expanded to include other government contracts and soon became the largest manufacturing facility in Montana. However, as the federal contracts ended, A & S was forced to cut back, and in 1990 the facility closed. In March of 2006, the Tribal Executive Board signed a contract with New West Strategies to revitalize A & S Industries. Oil and natural gas production has diminished, but the Tribes are hoping to attract new development to the Reservation. Although the Tribes operate a casino in Wolf Point, the Tribal Executive Board does not view gaming as a viable option for long-term economic development. Currently, the Fort Peck Tribes are working on the North of

Sprole Irrigation Project that will bring water for large-scale agriculture to northeastern Montana. The Tribes are also pursuing a wind energy project with Bechtel Energy. According to the Bureau of Indian Affairs, the unemployment rate on the Fort Peck Reservation hovers around 57%.

The first school on the Fort Peck Reservation was a government boarding school established in 1877. The school closed in the 1920s and was succeeded by Protestant missionary schools that operated sporadically. Today, five public school districts serve the Reservation: Nashua, Frazer, Wolf Point, Poplar, and Brockton. There are also two Head Start centers on the Reservation.

Postsecondary education extension courses were first offered on the Fort Peck Reservation by Dawson Community College in 1969. In 1977, the Fort Peck Tribes entered into a cooperative



Fort Peck Community College (<http://www.fpcc.edu/>)

agreement with Miles Community College to offer on-reservation courses. These relationships with Dawson and Miles ended in 1986. In 1978, the Tribal Executive Board formally chartered Fort Peck Community College (FPCC) as a tribally controlled community college. Today, FPCC serves the people of the Fort Peck Reservation and northeastern Montana by offering occupational training programs based on the needs of the people being served and on potential employment opportunities available in the region. FPCC has an average enrollment of 450 students, 70% of whom are American Indian and residents of the Fort Peck Reservation. FPCC currently offers nine associate of arts degrees, six associate of science degrees, 10 associate of applied science degrees, and 11 vocational certificates. FPCC also has affiliate bachelor degree programs with Rocky Mountain College in applied management, with MSU-Northern in elementary education, and with the University of Montana in psychology. About 95% of the graduates in applied management and elementary education are employed on or near the Fort Peck

Reservation. The main campus of FPCC is located in Poplar and is composed of six buildings. A second campus is located in Wolf Point. Community service is integral to the mission of FPCC. The Department of Community Services includes the Center for Family and Community Development that offers classes and activities promoting family, cultural, and social development and the Community Business Assistance Center that serves the small business development needs of the Reservation. The Department also administers programs from the U.S. Department of Agriculture, assists local school districts by providing resources and training in a variety of areas, and operates health and wellness centers in Poplar and Wolf Point.

The Indian Health Service (IHS) operates two outpatient medical clinics on the Reservation: the Verne E. Gibbs Medical Clinic in Poplar and the Chief Redstone Medical Clinic in Wolf Point. Services offered at the clinics include general medical, dental care, x-ray, optometry, pharmacy, and mental health. Inpatient services are available at Community Hospital in Poplar and Trinity Hospital in Wolf Point. The IHS operates a certified kidney dialysis unit at the Poplar Clinic. However, the Fort Peck Tribes fully fund the unit. The unit can treat up to 60 patients a week and is affiliated with the Medcenter One Dialysis Unit and Transplant Center in Bismarck, North Dakota. The Tribal Health Department offers nutrition, sanitation, health education, and environmental health services to tribal members. The Tribes also operate the Spotted Bull Treatment Center for drug and alcohol addiction. Services are available for both adults and adolescents.

### **Meeting with Fort Peck Tribal Executive Board**

On November 15 and 16, 2005, the State-Tribal Relations Committee traveled to Poplar, Montana, to meet with the Fort Peck Tribal Executive Board. The Committee was welcomed by Chairman Morales and the members of the Board on Tuesday, November 15. Following the welcome, the Committee and the Tribal Executive Board engaged in a lively discussion of tribal economic development initiatives.

The Tribes have completed a feasibility study to develop the Tribes' 1 million acre-foot of water into a massive irrigation system covering 500,000 acres that would turn northeastern Montana into a highly productive region capable of growing many different food products. The Tribes are collaborating on a wind energy project with Bechtel Energy. Preliminary studies show that there are several sites on the

Reservation with Class 6 wind speeds that are ideal for a wind farm that can generate energy. The biggest roadblock right now to full-scale development is the lack of access to transmission lines. The Tribes have formed a partnership, Integrated Solutions, with a national software development and testing company that will eventually bring 2,000 good-paying jobs for computer programmers to the Reservation. The need is for a trained workforce. To help meet this need, FPCC has expanded its computer technology training program, but more classes are needed. The Tribes would like to coordinate with other tribal colleges to offer the necessary classes. There are tremendous oil and natural gas reserves on the Reservation. The Tribes estimate the reserves at about 100 million barrels, although they believe that number could go even higher with more exploration. Unfortunately, oil companies are reluctant to do business on the Reservation because both the state and the Tribes levy oil production taxes. The Tribes are currently in negotiations with the state to address the issue of double taxation.

On Wednesday, November 16, the Committee toured the Poplar Public Schools. Committee members participated in a Wellness Fair organized by the students and the community. Following lunch in the school cafeteria, the Committee toured the Integrated Solutions office in Wolf Point.

## **Blackfeet Reservation**

### **Background**

The Blackfeet Reservation is located in one of the more scenic areas of Montana. Nestled along the Rocky Mountain Front, the Reservation stretches from the United States-Canadian border 50 miles south to Birch Creek and from the edge of Glacier National Park 45 miles east to Cut Bank. The Reservation encompasses about 1.5 million acres of high, rolling prairies interspersed with rivers and creeks. The mountains along the western border range in altitude from 4,400 to 9,600 feet. Of the 1.5 million acres, approximately 66% are Indian-controlled. The land is used primarily



Location of Blackfeet Reservation

for ranching and farming along with some timber harvesting and oil and natural gas development.

The Blackfeet Reservation is home to the Blackfeet Tribe, one of the tribes belonging to the Blackfoot Confederacy. There are approximately 15,000 enrolled tribal members, making the Blackfeet the largest tribe in Montana. Of that 15,000, about 8,500 live on or near the Reservation.

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**The Blackfeet Tribe is governed by the Blackfeet Tribal Business Council composed of nine members selected from four districts on the Reservation.**

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In 1851, the Fort Laramie treaty set aside a vast reserve across northern Montana for the Blackfeet and several neighboring tribes. Over the next 25 years, however, the boundaries were continually reduced. Finally, in 1888, the

Sweetgrass Hills Treaty created three separate reservations: Blackfeet, Fort Belknap, and Fort Peck. In 1896, the Blackfeet Reservation was further reduced to its present size by the removal of the western portion of the Reservation, what is now Glacier National Park.

The Blackfeet Tribe is governed by the Blackfeet Tribal Business Council composed of nine members selected from four districts on the Reservation. Members are elected for either a 2-year or a 4-year term, and the terms are staggered. The Council elects and appoints its own officers and hires its own staff. At the time of the Committee's visit to the Reservation, the Council members were Patrick Thomas, Chairman, Jay St. Goddard, Vice Chairman, Fred Guardipee, Secretary, Jimmy St. Goddard, Betty Cooper, Earl Old Person, Hugh Monroe, William "Allen" Talks About, Jr., and Edwin Little Plume.

Farming and ranching are the economic mainstays on the Reservation. Other contributors to the economy are oil and natural gas, timber, construction, light industry, and tourism. In 2001, the Tribe created the Siyeh Corporation to establish businesses that will provide jobs for tribal members and an alternative source of revenue for the Tribe. Siyeh currently operates the Blackfeet Heritage Center and Art Gallery, the Discovery Lodge Casino, the Glacier Peaks Casino, Kimi Bottled Water, and StarLink Cable. Future projects include a grocery store, wireless internet, and a



large-scale expansion of the Glacier Peaks Casino that will include an expanded gaming facility, restaurant, lounge, and gift shop. Unemployment is a major problem on the Reservation. The unemployment rate fluctuates between 60 and 80 percent, depending upon the season of the year. The new businesses being developed by Siyeh Corporation, especially the new casino, will bring much-needed employment to the Blackfeet Reservation.

The Reservation is served by three public school districts: Browning Public Schools, Heart Butte Public Schools, and East Glacier Park Elementary. In order to ensure the preservation of the Blackfeet language, the Piegan Institute, a private nonprofit organization, operates language immersion schools in Browning. The Nizipuhwahsin (Real Speak) schools offer a K-8 educational program taught in the Blackfeet language.

In 1972, the Tribal Business Council developed a 10-year comprehensive plan that included a community college or a vocational-technical school. Two years later, the Tribe chartered the Blackfeet Community College (BCC). The Tribe entered into an agreement with Flathead Valley



Blackfeet Community College ([www.bfcc.org/](http://www.bfcc.org/))

Community College to offer extension courses on the Reservation until an independent institution could be developed. Today, BCC offers six associate of arts degrees, four associate of science degrees, six associate of applied science degrees, and three vocational certificates. In addition, BCC serves as the GED testing center for the Reservation, assists students wishing to continue their education beyond BCC, and offers a variety of continuing education programs for the personal and professional development needs of Reservation residents.

### **Meeting with Blackfeet Tribal Business Council**

On May 9 and 10, 2006, the Committee and its staff visited the Blackfeet Indian Reservation at the invitation of the Blackfeet Tribal Business Council. The visit began on Tuesday morning, May 9, with a joint meeting of the Committee and the Council in

the Council Chambers. Councilman Earl Old Person offered an opening prayer. Chairman Patrick Thomas and the other members of the Council then welcomed the Committee to the Blackfeet Reservation. Representative Windy Boy expressed the Committee's appreciation for the opportunity to visit the Blackfeet Reservation and then presented Chairman Thomas with a Montana State Flag and a CD-ROM containing the Montana Code Annotated. Following the introductory comments, a series of presentations were made to the Committee by various tribal officials.

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**The 2005 Special Session of the Legislature provided new funding for Indian Education for All, at-risk students, closing the American Indian student achievement gap, and licensed educators.**

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Representative Carol Juneau presented the Committee with a copy of a draft resolution from the National Caucus of Native American State Legislators in support of education. The resolution calls for increased funding for education to assist with native

language restoration; the inclusion of Native American curriculum in all schools and colleges; adequate support for curriculum development, professional development, materials, and activities; increasing the graduation rate for Native American students to a minimum of 80%; adequate funding to close the Native American student achievement gap; the restoration of funding for the Johnson-O'Malley Program; increased funding for Native Language immersion schools; level funding for Impact Aid and continued funding for facilities construction and maintenance; and the reauthorization of Head Start/Indian Head Start. Representative Juneau also provided the Committee with information regarding schools serving the Reservation and the new funding that resulted from the December 2005 Special Session of the Legislature. Funding was provided for Indian Education for All, at-risk students, closing the American Indian student achievement gap, and licensed educators. While the schools welcome the additional funding, Representative Juneau said that there needs to be some accountability on how the school districts spend this money, especially the Indian Education for All money. She said some legislation in 2007 may be needed. She also presented data on Indian student graduation rates from 1996 to 2005. For Indian students from schools on reservations, the graduation rate was 49%. For Indian students from urban schools with significant Indian populations, the graduation rate was 48%.

Mary Johnson, Superintendent, and Robert Rides At the Door, Trustee, spoke to the Committee about the Browning Public Schools. Browning is the largest Indian school district in Montana. Thanks to the work of the Montana Legislature, Browning was able to pass a school bond issue for a new high school using the district's impact aid money to back the bonds. They were also pleased with the additional funding from the Special Session but could use more money for professional development.

John Salois, President of the Blackfeet Community College (BCC), spoke briefly to the Committee. He thanked the legislators for the nonbeneficiary student funding. BCC has an open admissions policy and the funding helps those non-Indian students seeking a higher education. He also thanked the legislators for the funding to develop tribal histories. Carol Murray is working on the Blackfeet history. Mr. Salois said that he would speak more about BCC when the Committee visited the campus later in the day.

Mark Magee, Director of the Tribal Lands Department, spoke to the Committee about an issue of great importance to the Blackfeet Tribe. In the mid-1980s, the Blackfeet sued the State of Montana and Glacier and Pondera Counties challenging the imposition of real property taxes on land owned in fee by the Blackfeet Tribe and located within the Reservation's boundaries. A settlement agreement was reached in which the state and the counties agreed not to assess and collect property taxes on the tribal fee lands unless Congress expressly authorized the taxation. In 1998, the U.S. Supreme Court in *Cass County Minnesota, et al. v. Leech Lake Band of Chippewa Indians* ruled that Congress, through the General Allotment Act and subsequent acts, had authorized state and local taxation of tribal fee lands. As a result of this case, as well as some others, the State of Montana determined that the terms of the settlement agreement with the Blackfeet had been met and that the Department of Revenue would begin assessing property taxes against these lands. It is the position of the Blackfeet Tribe that the terms of the settlement agreement have not been met because Congress has not specifically passed legislation authorizing the taxation of tribal fee lands within the Blackfeet Reservation. Montana, along with Glacier and Pondera Counties, is now assessing taxes on tribal fee lands that the Blackfeet Tribe refuses to pay. As a result, tax liens have been placed on the property, making it impossible for the Tribe to put the land into trust status. This conflict over taxation also impacts education on the Reservation. There are almost 70

children who live on tribal fee land. The Browning School District cannot receive any Impact Aid for those students. It amounts to about a \$285,000 loss to the school district. The Blackfeet Tribe believes that property owned by a tribal government should be tax-exempt in the same manner as property owned by a local government.

Mike DesRosier, Glacier County Commissioner, told the Committee that this issue of taxation of tribal fee land has created a huge wedge between Glacier County and the Blackfeet Tribe at a time when the county is making some progress in improving its relationship with the Tribe. The county has even opened a satellite office in Browning. Commissioner DesRosier said that 80% of the county is reservation land, so the county has a financial stake in the outcome of this conflict. He urged the Committee to help look for a solution favorable to both sides.

Roger Running Crane, Director of Tribal Gaming, gave a short history of gaming on the Blackfeet Reservation. Currently, the Blackfeet Tribe does not have a gaming compact with the state. This means that there is no Class III gaming anywhere on the Reservation, Indian or non-Indian. Mr. Running Crane said that the state tries to force one compact on all of the tribes with caps on the number of machines and the amount of the payouts. Every tribe is different, and so every compact should be tailored to the individual tribe. He added that the state makes the tribes jump through several hoops before they can negotiate a compact with the state. Mr. Running Crane spoke of a single corporation in Montana that holds many liquor licenses and owns hundreds of gaming machines. That corporation is not required to negotiate a compact. The Legislature should look at how other states handle their compacts and how other tribes use gaming revenues to benefit their members. The Blackfeet would like the Legislature to allow expanded Class III gaming only on reservations.

Dennis Fitzpatrick of the Siyeh Corporation gave a PowerPoint presentation on the corporation. Siyeh was created to:

- create a legal enterprise that develops and operates business opportunities for the Blackfeet Tribe;
- create a for-profit entity to provide an alternative source of revenue for the Blackfeet Tribe;
- provide additional jobs for the local economy; and

- create an entity whose day-to-day business decisions and practices are separate from tribal politics.

He discussed the history of Siyeh as well as some of the struggles the corporation has endured. In 2004, the payroll from Siyeh's businesses surpassed \$1 million; more than \$900,000 was paid in dividends to the Blackfeet Tribe.

George Heavy Runner, Tribal Planner, reported on the Blackfeet Tribe's involvement in the Lewis & Clark Bicentennial Commemoration. He discussed the Tent of Many Voices, a project of the National Park Service, to be set up at North American Indian Days in early July in Browning. The project includes many presentations by Blackfeet tribal members. The Tribe also planned a 4-day symposium on Lewis & Clark in Blackfeet Country in late July at Browning. Part of the symposium involved a trip to the site of Camp Disappointment.

George Kipp, Director of Blackfeet Tribal TANF (Temporary Assistance for Needy Families), reported to the Committee that the TANF program is facing severe financial difficulties. The program is serving more clients than it receives money for and will be short about \$270,000 by September of 2006. Right now, the Tribe has to carry the program for a few days at the end of every quarter until the reimbursement arrives. All of the money is going to direct cash assistance to clients and to administration of the program. As a result, the program offers no supportive services to clients due to the money shortage. The Tribe does not want to turn the program back over to the state; it wants to continue to operate the program but needs more money. Mr. Kipp asked the Committee to assist the Tribe in resolving the program's financial problems.

Following the presentations by the tribal officials, the Committee toured the Blackfeet Community College.

On the morning of Wednesday, May 10, the Committee gathered at the Council Chambers for a tour of the Reservation. Accompanied by tribal officials, the Committee traveled in a van owned by Sun Tours, a tour company privately owned by a tribal member. The Committee visited the Museum of the Plains Indian, the Blackfeet Heritage Center and Art Gallery, and the site of the new Glacier Peaks

Casino. The Committee then traveled to Babb for lunch and returned to Browning for a committee meeting.

The Committee met in the afternoon of May 10 in the Council Chambers. The Committee reviewed all of the information it had received from the Blackfeet Tribe and instructed staff to follow up on the various issues.

# **Economic Development and Other State-Tribal Issues in Indian Country Chapter Three**

## **Encourage State-Tribal Cooperation**

The second major responsibility of the Committee is to encourage cooperation between the state and the eight tribal governments in Montana. This interim, the Committee fulfilled this responsibility by visiting with some state agencies and learning about individual programs in an attempt to address issues of mutual concern to both state and tribal governments and to identify problems and seek solutions when possible.

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**The second major responsibility of the State-Tribal Relations Interim Committee is to encourage cooperation between the state and the eight tribal governments in Montana.**

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## **Governor's American Indian Nations (GAIN) Council**

In February of 2005, Governor Brian Schweitzer issued an executive order creating the Governor's Interagency Revenue Sharing Negotiation Task Force. The purpose of the Task Force was to provide a forum for discussing all current and proposed tribal revenue sharing agreements before any new or modified agreements are entered into with tribal nations and to report to the Governor's Office before new or modified agreements are adopted. The Task Force would be chaired by the Governor's Budget Director and Task Force members would be drawn from the appropriate state agencies and the Office of Budget and Program Planning. The Task Force was also authorized to contract for legal services.

In May of 2005, the Task Force recommended some changes to Governor Schweitzer that he accepted. The Task Force expanded its authority to include providing guidance on all state-tribal activities in Montana. The goal was to have a consistent approach to working with tribal nations based on core values and guiding principles. The core values are integrity, trustworthiness, commitment, self-discipline, and respect for others. The guiding principles are:

1. establish and preserve harmonious tribal-state relationships;

2. strive for mutual understanding and respect for the sovereign tribal and state governments;
3. share collective resources and services to achieve equal opportunity for all;
4. work cooperatively when the rights of one government are unclear or will result in harm to either government's citizens; and
5. address issues in a timely manner and through an appropriate process.

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**Indian education has always been an important issue for the State-Tribal Relations Committee.**

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An executive team was created for planning and administration purposes. State-tribal activities were organized under four core teams—finance and justice, human services, environmental,

and economic development—with department directors assigned to each one. The name of the Task Force was also changed to the Governor's American Indian Nations (GAIN) Council to better reflect its expanded purpose.

A representative from the GAIN Council reported to the Committee at every Committee meeting in Helena on the Council's activities. As the Committee heard from tribal governments on certain issues, the Committee was also able to refer those issues to the GAIN Council. The GAIN Council has proven to be an excellent vehicle for addressing the myriad issues and the conflicts that arise between the state and the tribal nations of Montana.

## **Office of Public Instruction**

Indian education has always been an important issue for the State-Tribal Relations Committee. The Indian Education for All Initiative was the direct result of a study conducted by the Committee in 1995-1996. Linda McCulloch, Superintendent of Public Instruction, and Denise Juneau, Director of Indian Education for the Office of Public Instruction (OPI), updated the Committee on OPI's activities and initiatives regarding Indian Education for All. The 2005 Legislature appropriated \$3.4 million in the regular session and \$7 million in the December 2005 Special Session to OPI for the implementation of Indian Education for All. The \$3.4 million is to be used by OPI to develop model curriculum; award Ready to Go grants to school districts, implementation assistance grants to educational organizations, and graduate student research grants for research pertinent to Indian education; provide professional



development; and conduct a public education campaign. The \$7 million is to be distributed to school districts to assist them in implementing Indian Education for All in their schools.

Christopher Lohse, Legislative Services Division, and Susan Ockert, Department of Commerce, also made a presentation to the Committee on the American Indian student achievement gap (Appendix B or available online at [http://leg.mt.gov/content/committees/interim/2005\\_2006/st\\_trib\\_rel/Economic\\_base\\_report.pdf](http://leg.mt.gov/content/committees/interim/2005_2006/st_trib_rel/Economic_base_report.pdf)). They discussed the need for addressing this issue, the cyclical relationship between economic vitality and educational success, achievement gap definitions and discrepancies, Montana's performance on the National Assessment of Educational Progress (NAEP), specific results of the achievement gap study, and using the report's results for guidance in crafting policy. Ms. Juneau provided the Committee with American Indian education data such as 2005 standardized test scores, comparisons of reading and math test scores between Indian and non-Indian students, dropout rates for grades 9-12 in Montana, and NAEP test data.

## **Montana University System**

In 1991, the Committee successfully sponsored legislation to create the position of American Indian/Minority Achievement Director within the Office of the Commissioner of Higher Education. The position has four main functions:

1. analyze educational data relating to American Indians and other minorities within the Montana University System (MUS);
2. provide cultural diversity training to faculty and staff at the various units;
3. ensure that diversity is addressed at the units; and
4. report on the status of American Indians and minorities within the system to the Board of Regents.

The position also serves as a liaison between the MUS and the tribal colleges and other minority groups and organizations within the state. Ellen Swaney, who has held the position since its creation, spoke to the Committee about the role of the MUS in the implementation of Indian Education for All. The MUS did not receive any funding for Indian Education for All but is working on this issue because the MUS recognizes the significant educational role that it has to play. She reported on the various activities within the MUS, including the interface of the Native American Studies programs with the schools of education, the formation of an Indian Education for All

work group within MUS, and current Indian education research projects. She also reported on the status of the tribal histories project being undertaken by the tribal colleges.

## **Gambling Control Division**

Gene Huntington, Administrator of the Gambling Control Division of the Department of Justice, gave a PowerPoint presentation to the Committee on the Indian Gaming Regulatory Act (IGRA) and how it fits with Montana law. He also discussed how gaming compact negotiations work and reviewed the status of existing compacts with Montana Indian tribes. His presentation was followed by a presentation by the Montana Tribal Gaming Association represented by Jami Hamel, Roger Running Crane, and Joe Dupuis. The Montana tribes are generally dissatisfied with the current compacts and believe they are the worst compacts in the nation. The representatives noted that tribes can benefit from gaming; it is an economic tool that is there for tribes to use. The first compact negotiated under IGRA was with Fort Peck. Since then, the state has used the Fort Peck compact as the model for all tribal compacts. The Montana Tribal Gaming Association representatives stressed that every tribe is different, and compact negotiations need to recognize that fact. A "one size fits all" compact will not work. The Association has some ideas for legislation that would improve the tribes' position in the negotiation process. The Committee agreed to review the legislation.

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**The Montana Tribal Gaming Association representatives stressed that every tribe is different, and compact negotiations need to recognize that fact.**

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The Fort Belknap Tribes and the Blackfeet Tribe both asked the Committee to consider legislation that would expand Class III gaming (casino gambling and video gambling machines) on Indian reservations. Currently, Class

III gaming is limited by state law; games such as slot machines, roulette, and blackjack are prohibited in the state. Fort Belknap and Blackfeet would like to have those games available only on reservations in order to give them the economic push that they need.

At its August 2006 meeting, the Committee recommended sponsoring a bill, which became LC 356, authorizing the Governor to negotiate Class III gaming compacts for

play exclusively on Indian lands for the exclusive economic benefit of Montana Indian Tribes.

## **Department of Corrections**

Bill Slaughter, then Director of the Department of Corrections (DOC), updated the Committee on adult probation and parole issues on reservations. He said the lack of uniform agreements between the reservations and the state hinder the ability of the DOC to effectively monitor American Indian offenders. He discussed some of the problems experienced by parole and probation officers when working with parolees living on reservations, such as not being able to go on to the reservation to monitor the parolee or retrieve an offender who has violated the terms of the offender's parole. Slaughter discussed a proposed agreement between the DOC and the Crow Tribe. The purpose of the agreement is to:

- put in place a mechanism to handle Crow tribal members who have been adjudicated in state courts and have absconded from supervision and fled to the Crow Reservation;
- provide alternative and culturally acceptable conditions of supervision that district court judges can impose on tribal members who are sentenced to supervision;
- provide additional and more intensive supervision of at-risk probationers and parolees who are members of the Crow Tribe;
- provide a transition home or community corrections facility on the Crow Reservation; and
- allow DOC probation and parole officers to work with tribal officers to monitor tribal member offenders who live on the reservation.

Consistency is critical to the success of a parolee, and it is imperative that the DOC have the ability to monitor and sanction an offender. A formal agreement with the tribes would alleviate many of the problems occurring now.

Jim Mason, Native American liaison for the DOC, discussed how sweat lodge ceremonies are conducted at the various state correctional facilities and emphasized that protocol is carefully followed by correctional staff when a staff inspection of spiritual objects is necessary. Mr. Mason stated that other efforts have been made to improve the status of American Indian inmates, such as face-to-face meetings

between inmates and associate wardens and staff training on American Indian culture.

On May 11, 2006, the Committee visited the Crossroads Correctional Center in Shelby and visited with five American Indian inmates. The visit was instigated by letters to Committee members from inmates with concerns about their treatment within the facility, especially access to spiritual activities.

## **Governor's Office of Economic Development**

Major Robinson, economic development specialist for the Office of Economic Development, reported on a \$15 million grant from the U.S. Department of Labor for the creation of innovative biolubricant and bioproduct manufacturing embryonic clusters in central and eastern Montana. The region encompasses 32 counties and six Indian reservations that have historically relied on agriculture as their major economic engine. As a result of 7 years of drought, the region is now suffering from depressed and stagnant wage and salary income, a high prevalence of poverty, an aging and declining population, and an increasing reliance on federal farm subsidies. The region is also home to some of the greatest energy reserves in the nation. This grant will help to revitalize the region by bringing good-paying jobs and badly needed energy development to Montana.

Maria Valandra, First Interstate Bank, made a presentation to the Committee on the Montana Indian Business Alliance. The Alliance is an organization that promotes private Indian business development by maximizing and developing resources that encourage and support Montana Indian entrepreneurs. The objectives of the Alliance are to:

- be a proactive network and resource advocate for Indian businesses;
- be a catalyst for Indian entrepreneurial growth and enhancement;
- promote successful Indian country business environments; and
- foster accessibility to financial resources.

# **Economic Development and Other State-Tribal Issues in Indian Country Chapter Four**

## **Conduct Interim Studies**

The third major responsibility of the Committee is to conduct interim studies as assigned by the Legislature. This interim, the Committee conducted one interim study: House Joint Resolution No. 41 to study economic development in Indian country.

### **House Joint Resolution No. 41: Economic Development in Indian Country**

In fulfillment of its responsibilities in House Joint Resolution No. 41, the Committee received three separate reports on various aspects of the economic development on Indian reservations. The first report, "Analyzing Montana's Indian Reservations' Economies", was prepared by Susan Ockert, Economist, Census and Economic Information Center, Montana

Department of Commerce; and  
Christopher D. Lohse, Research Analyst,  
Office of Research and Policy Analysis,  
Montana Legislative Services Division.

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as assigned by the Legislature.**

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### **Analyzing Montana's Indian Reservations' Economies**

House Joint Resolution No. 41 requested "an interim study to investigate the special challenges and opportunities facing Montana Indian tribes and their respective tribal lands or reservations." Pursuant to the resolution, a presentation was made to the State-Tribal Relations Interim Committee on January 23, 2006, titled "Analyzing Montana's Indian Reservations' Economies". The result of the analysis reveals that the private sector on the reservations is underdeveloped. Very few retail stores exist on the reservations while government entities abound. Since consumer demand is not being met on the reservations, residents of the reservations take their money elsewhere.

## Introduction

Montana's Indian reservations consistently have the highest unemployment, lowest per capita income, and highest poverty rate in the state. Added to these economic disadvantages, data is not collected and/or reported in a reliable, regular, and predictable manner. Developing viable, culturally appropriate economic growth strategies thus is hindered. This report explains some of the basic tenets of a capitalist economy, uses some economic techniques to evaluate towns on and off reservations, and identifies some next steps to develop benchmark data. Once this data is collected, economic growth strategies can begin to be developed.

## Economic Base

Before analyzing the economies of Montana reservations, a basic understanding of what constitutes an economy is required. Three main players interact in an economy: businesses, consumers, and government. About two-thirds of the U.S. Gross Domestic Product, an overall measure of an economy's well-being, is consumer spending. Consumers are the drivers of an economy and are employed by either businesses or government, receive income for their endeavors, and, in turn, spend their income at businesses or pay taxes to government organizations. One basic tenet of a capitalist economy is that businesses create wealth through ownership. Government, then, has a role in ensuring that the gap between the wealthy and poor does not widen to the point where the economy stops functioning. Another tenet of

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**Montana's Indian reservations consistently have the highest unemployment, lowest per capita income, and highest poverty rate in the state.**

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capitalism is that businesses and governments have different motivation factors. Companies strive to maximize profits and/or minimize costs. Their decisions, then, reflect the objectives of increasing market share, controlling costs, and improving customer service.

On the other hand, governments redistribute wealth via government transfer payments. Government decisions then center on how to best manage tax revenues for redistribution and for spending on public goods, such as highways, education, public safety, and land use. Less government interference in business decisions typically leads to a larger private sector and a more vibrant economy.

## **Economic Analysis Techniques**

All three players in an economy must rely on their areas of expertise, work together, and not impede on the activities of the others in order to ensure growth and stability. With this understanding of the economic base, various economic theoretical techniques can be utilized to evaluate the reservation economies. These techniques include threshold analysis, economic diversity, and productivity and compensation.

### ***Threshold Analysis***

To determine what businesses a population can support, threshold analysis can be used. Based on the Central Place Theory, certain population sizes, or thresholds, can support different types of businesses.

According to a study conducted by the University of Missouri Extension Office (Missouri Extension), "Potential for Retail Trades in Rural Communities," consumer demand for a product or service depends not only on price but also on the distance a consumer must travel. For basic necessities such as food, medicine, auto parts, and repair supplies, consumers want these retail stores within a 16-mile radius. Retail sales are thus a gauge of consumer purchasing power. The Missouri Extension study identified the distance traveled, town population, and the market population (town population plus population within 16-square mile area) needed for certain retail stores. Within a 16-square mile area, the following retail stores can be supported with the designated populations (Figure 1).

***Figure 1: Thresholds for Selected Retail Stores***

<b>Retail Store</b>	<b>Town Population</b>	<b>Market Population</b>
Grocery	329	1,250
General Merchandise	385	1,536
Pharmacy	957	2,939
Hardware	959	3,709
Automotive Parts	1,083	4,000

Using the above thresholds, two towns were compared, one on a reservation (Browning) and one off (Cut Bank). Each market area population was determined

using the Montana Natural Resource Information System (NRIS) Digital Atlas of Montana, Census Geography Selection.<sup>1</sup> Population data is from Census 2000.

Browning’s market population totaled 5,584 while Cut Bank’s was 3,946. Zip Code Business Patterns, a U.S. Census Bureau product, reports the actual number of businesses for each zip code area, which is roughly the same area as the above market. The potential number of businesses that could be supported by the population in each town was calculated using the thresholds developed in the Missouri Extension study (Figure 2).

**Figure 2: Actual and Potential Number of Stores On and Off the Reservations**

Store	On Reservation		Off Reservation	
	Actual	Potential	Actual	Potential
Automotive	0	1	2	1
Grocery	1	3	2	3
Pharmacy	0	1	1	1
General Merchandise*	2	2	1	2
<b>TOTAL RETAIL</b>	<b>12</b>		<b>27</b>	

\*General merchandise stores include dollar stores; general stores, and trading posts that sell new retail goods, such as apparel, dry goods, housewares, etc.

Even though the Browning market population had a larger population to draw from, fewer retail stores (less than half) existed than in Cut Bank. In Browning, only three of the selected stores existed where seven potentially could have, while Cut Bank has 6 stores and could support seven. One conclusion that can be drawn is that consumer demand is not being met in Browning. Consumers travel to Cut Bank or even Great Falls to spend their money instead of spending it at local businesses.

### ***Economic Diversity***

Having a diversity of industries in an economy is important. The more diversified an economy, i.e., the more industries, the less susceptible it will be from the boom and bust cycle of certain industries.

Two other town’s economies were compared, one on the reservation (Poplar) and one off (Scobey.) Again, using Census Zip Code Business Patterns, the number of

<sup>1</sup> The website is <http://maps2.nris.mt.gov/mapper/index.html>.



businesses in each industrial sector was identified. Population for each zip code was also included. As can be seen from the table below (Figure 3), Poplar has 2½ times the population of Scobey but 2/3 the number of businesses and 3 times the number of government entities.

**Figure 3: Number of Establishments by Industry**

	<b>Poplar</b>	<b>Scobey</b>
<b>Industry</b>	<b>Pop: 3,708</b>	<b>Pop: 1,498</b>
Utilities	1	1
Construction	4	5
Manufacturing	1	3
Wholesale	1	4
Retail	11	14
Transportation	2	2
Information	0	5
Finance & Insurance	1	6
Real Estate	2	0
Professional	1	4
Education (Private)	1	0
Health Care	4	3
Art, Entertainment	1	3
Accommodations & Food	4	7
Consumer Services	8	5
<b>TOTAL BUSINESSES</b>	<b>45</b>	<b>68</b>
Public Administration (Gov't)	78	25

Increasing the number of businesses in Scobey by the 2.5 population factor was used as a proxy for the potential growth of the private sector in Poplar. By normalizing Poplar's industry sectors to reflect Scobey's, the number of businesses could increase from 45 to 170 while the number of government entities would decrease from 78 to 62 (Figure 4).

**Figure 4: Potential Number of Establishments**

<b>Industry</b>	<b>Pop: 3,708</b>	<b>Pop: 1,498</b>	<b>Potential # of Businesses</b>
Utilities	1	1	2
Construction	4	5	12
Manufacturing	1	3	6
Wholesale	1	4	10
Retail	11	14	35
Transportation	2	2	5
Information	0	5	12
Finance & Insurance	1	6	15
Real Estate	2	0	2
Professional	1	4	10
Education (Private)	1	0	1
Health Care	4	3	7
Art, Entertainment	1	3	7
Accommodations & Food	4	7	15
Consumer Services	8	5	12
<b>TOTAL BUSINESSES</b>	<b>45</b>	<b>68</b>	<b>170</b>
Public Administration (Gov't)	78	25	62

Expanding the private sector potentially increases the wealth of the residents in an area. Increased wealth can then lead to increased consumer spending, which then drives the local economy, leading to more businesses and, subsequently, more employment.

The largest employers on the reservations are typically tribal governments, federal agencies such as the Bureau of Indian Affairs or the Indian Health Service, tribal enterprises, or the school systems. Large seemingly private sector employers include grocery stores, construction companies (which can be tribal enterprises), and hotels.

Agriculture plays an important role on the reservations. The United States Department of Agriculture, National Agricultural Statistics Service, conducted a pilot project in Montana, North Dakota, and South Dakota. The first Census of Agriculture of the American Indian Reservations occurred in 2002. This census collected data for farms on the reservations and differentiated between Native American and non-

Native American operators. For all seven reservations in Montana, Native Americans operate only 29% of the farms on the reservations (Figure 5).

**Figure 5: Comparison of Native & Non-Native American Farms on Reservations**

Item	Total	Non-Native American	Native American (NA)	NA % of Total
Farms	2,552	1,825	727	29%
Average Size (acres)	3,116	2,179	5,196	167%
Market Value of Products	\$221,182,000	\$162,150,000	\$59,032,000	27%
Farm Expenses*	\$183,549,000	\$150,709,000	\$32,841,000	18%
Internet Access	1,406	1,048	358	26%
% of Farms w/ Internet	55%	57%	49%	N/A
Market Value per Acre	\$52,116	\$59,636	\$11,361	22%
Expense per Acre	\$43,249	\$55,428	\$6,320	15%
Net Income per Acre	\$8,867	\$4,208	\$5,041	57%

\*Due to confidential information, only six reservations were used.

Native American farmers appear to be more efficient. Even though their market value of farm commodities per acre is 22% of the total and their expenses per acre are 15%, their net income per acre is \$5,041 compared to \$4,208 for the non-Native operators. Much more analysis of the agriculture sector is needed.

Measuring the vibrancy of an economy entailed comparing the population served per retail establishment<sup>2</sup> and per government entity<sup>3</sup> for zip code areas on reservations and off. This analysis revealed that those towns on the reservations had more people per retail store than those off the reservation. For example, in Lame Deer, there is only one retail establishment serving 485 people, while in Hardin, one store serves 163 people. Again, this indicates that money is leaving the reservation since so few retail establishments exist on the reservation.

Conversely, reservation towns were heavily government-dominated while those off were not (Figure 6). Helena, the state capital and Lewis and Clark county seat, has one government entity per 355 residents. Crow Agency, home of the Crow Tribe, has

<sup>2</sup> Retail establishments are reported in the U.S. Census Bureau's Zip Code Business Patterns.

<sup>3</sup> Government entities are listed in Reference USA and included the executive, legislative, and other government support agencies. Excluded were law enforcement and public health.

one government entity for every 39 people. This heavy concentration of government entities again appears to suppress the ability of the private sector to grow.

**Figure 6: Retail Stores and Government Entities Per Capita**

Town	Zip Code Population	# of Retail Est	Pop/Est	# of Govt entities	Pop/ Govt	Zip Code
Browning	6,689	14	478	81	83	59417
Cut Bank	5,220	27	193	27	193	59427
Wolf Point	5,027	31	162	35	144	59201
Scobey	1,498	14	107	11	136	59263
Lame Deer	2,908	6	485	74	39	59043
Hardin	4,726	29	163	15	315	59034
Crow Agency	2,290	8	286	59	39	59022
Box Elder	2,901	2	1450	25	116	59521
Harlem	2,565	12	214	19	135	59526
Hays	1,092	3	364	5	218	59527
Polson	9,209	59	156	35	263	59860
Ronan	6,202	40	155	20	310	59864
Helena	47,154	277	170	133	355	59601 59602 59604 59620 59623 59624 59625 59626
<b>Montana</b>	<b>926,865</b>	<b>5,145</b>	<b>180</b>	<b>2,309</b>	<b>401</b>	

NOTE: Est stands for establishments; Pop stands for population, and Govt stands for government. Shaded area indicates the town is off a reservation.

### **Productivity and Compensation**

Productivity is a measure of efficiency—how much output is produced per worker. Using IMPLAN,<sup>4</sup> an economic modeling software application, productivity was calculated for the reservations, the state, and selected counties (Figure 7). Montanans, on average, produce \$86,309 of output per worker. Some counties, like

<sup>4</sup> IMPLAN is an economic modeling software application developed by the Minnesota IMPLAN Group, [www.implan.com](http://www.implan.com).

Yellowstone, have higher productivity, in this instance \$116,707, while all the reservations<sup>5</sup> registered below the state average.

**Figure 7: Productivity**

<b>Area</b>	<b>Output/worker</b>
Beaverhead	\$80,303
<b>Blackfeet</b>	<b>\$75,398</b>
Blaine	\$59,319
Cascade	\$83,367
<b>Crow</b>	<b>\$76,531</b>
<b>Flathead</b>	<b>\$82,532</b>
Flathead County	\$85,341
<b>Fort Belknap</b>	<b>\$56,367</b>
<b>Fort Peck</b>	<b>\$69,559</b>
Gallatin	\$80,178
Garfield	\$82,941
Glacier	\$71,790
Hill	\$69,383
Lewis & Clark	\$82,675
Missoula	\$82,749
<b>Northern Cheyenne</b>	<b>\$60,559</b>
Richland	\$85,986
<b>Rocky Boy</b>	<b>\$67,638</b>
Rosebud	\$100,944
Toole	\$77,466
Yellowstone	\$116,707
<b>MONTANA</b>	<b>\$86,309</b>

In general, the more productive a worker is, the more salary the worker will receive. Montana’s average compensation, according to IMPLAN, is \$24,680. Compensation includes not only wages and salaries, but also payments by employers towards an employee’s pension, health insurance, and social security. Again, some counties have higher compensation rates, such as in Lewis and Clark with \$30,370 (Figure 8). Only the Northern Cheyenne, among the seven reservations, was above the state average for compensation at \$27,005.

<sup>5</sup> Reservations were defined by those zip codes areas on each reservation.

**Figure 8: Compensation**

<b>Area</b>	<b>Compensation/worker</b>
<b>Blackfeet</b>	<b>\$20,894</b>
Blaine	\$19,141
Cascade	\$28,048
<b>Crow</b>	<b>\$21,697</b>
<b>Flathead</b>	<b>\$24,197</b>
Flathead County	\$23,225
<b>Fort Belknap</b>	<b>\$16,089</b>
<b>Fort Peck</b>	<b>\$17,129</b>
Gallatin	\$23,500
Garfield	\$10,775
Glacier	\$26,409
Hill	\$23,711
Lewis & Clark	\$30,370
Missoula	\$25,324
<b>Northern Cheyenne</b>	<b>\$27,005</b>
Richland	\$21,350
<b>Rocky Boy</b>	<b>\$21,908</b>
Rosebud	\$35,437
Toole	\$22,866
Yellowstone	\$28,867
<b>MONTANA</b>	<b>\$24,680</b>

## Next Steps

Much more data collection is required to properly analyze the reservation economies in order to develop appropriate economic development strategies. Some of the data are reported by the tribal governments to federal statistical agencies, such as wages and employment to the Unemployment Insurance Program run by the U.S. Department of Labor, Bureau of Labor Statistics. Other data needed includes updated population estimates, income, and labor force numbers.

The first step is to collect benchmark data. For example, information needs to be collected on the number and industrial sectors of the businesses located on each reservation, along with their respective employment and wage numbers. In addition, identifying available resources, such as oil and gas, timber, and grazing land, is

required. Lastly, determining whether entities are private sector, tribal enterprises, or tribal government aids in the development of strategies for promoting economic growth.

## **Conclusion**

In summary, the Indian Reservations lack basic retail businesses, such as grocery stores, even though their market populations seemingly could support more businesses. Their economies are heavily tilted towards government to the detriment of the private sector. Productivity and compensation are both less on the reservations than the state average. The one potential bright spot for the reservations is agriculture. However, much more analysis needs to be done to determine agriculture's contribution to the Indian reservations' economies.

From a capitalist economy perspective, private businesses create wealth by providing private goods and services. Their businesses make decisions that impact their profit maximization or cost minimization strategies. On the other hand, governments distribute wealth through transfer payments and the provision of public goods and services. Government decisions impact those programs that provide these services. When government entities make business decisions, the private sector is hindered from producing wealth.

## **Other Economic Studies**

The second and third reports provided to the State-Tribal Relations Interim Committee as part of its economic development study were:

- "Economic Status of American Indians in Montana: A Preliminary Assessment", prepared by Paul E. Polzin and Dennis O'Donnell, University of Montana Bureau of Business and Economic Research, for the State-Tribal Economic Development Commission (Appendix C); and
- "Economic Contributions Per Montana Reservation 2003", was prepared by Eleanor Yellow Robe, University of Montana, also for the State-Tribal Economic Development Commission. (For more information see <http://tribal.mt.gov>.)

Other economic development studies on Montana reservations are also available, including:

- The Montana Department of Labor and Industry annual "Labor Day Report 2006", which analyzes wages and employment on Montana reservations. The report is available at [www.ourfactsyourfuture.org](http://www.ourfactsyourfuture.org).; and
- "Montana Economic Development Reservation Assessment" by RJS & Associates, written under commission from the State Tribal Economic Development Commission. A version of this is available on the State-Tribal Relations Interim Committee website:  
[http://leg/mt.gov/content/committees/interim/2005\\_2006/st\\_trib\\_rel/RJS\\_report.pdf](http://leg/mt.gov/content/committees/interim/2005_2006/st_trib_rel/RJS_report.pdf).



\_\_\_\_\_ BILL NO. \_\_\_\_\_

INTRODUCED BY \_\_\_\_\_  
(Primary Sponsor)

BY REQUEST OF THE STATE-TRIBAL RELATIONS COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT DELEGATING AUTHORITY TO THE GOVERNOR TO NEGOTIATE AUTHORIZED CLASS III GAMING IN TRIBAL-STATE GAMING COMPACTS FOR PLAY EXCLUSIVELY ON INDIAN LANDS AND FOR THE EXCLUSIVE ECONOMIC BENEFIT OF MONTANA INDIAN TRIBES; AMENDING SECTION 23-5-112, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Legislative intent.** For purposes of implementing the federal Indian Gaming Regulatory Act, Public Law 100-497, 102 Stat. 2467, 25 U.S.C. 2701, et seq., it is the intent of the legislature:

- (1) to include authorized class III games in tribal-state gaming compacts for play exclusively on Indian lands and for the exclusive economic benefit of Montana Indian tribes; and
- (2) that [sections 1 through 4] be construed, to the maximum extent possible, as being consistent with Article III, section 9, of the Montana constitution and state law regulating gambling.

NEW SECTION. **Section 2. Definitions.** As used in [sections 1 through 4], the following definitions apply:

- (1) "Authorized class III games" means:
  - (a) roulette;
  - (b) craps;
  - (c) slot machines as defined in 23-5-112;
  - (d) blackjack or twenty-one; and
  - (e) other house-banked card games commonly played.
- (2) "Class III games" means those games permitted by the Indian Gaming Regulatory Act, 25 U.S.C. 2703(8).

(3) "Indian lands" includes those lands as defined by the Indian Gaming Regulatory Act, 25 U.S.C. 2703(4).

(4) "Indian tribe" means a tribe as defined by the Indian Gaming Regulatory Act, 25 U.S.C. 2703(5).

(5) "Tribal-state gaming compact" means a tribal-state compact described in the Indian Gaming Regulatory Act, 25 U.S.C. 2710(d).

NEW SECTION. **Section 3. Regulatory jurisdiction.** In accordance with the Indian Gaming Regulatory Act, 25 U.S.C. 2710, the tribal gaming commission, as established by tribal law, code, ordinance, or resolution adopted by the governing body of a Montana Indian tribe, has exclusive jurisdiction over all gaming on Indian lands within the external boundaries of a tribe's reservation.

NEW SECTION. **Section 4. Governor authorized to negotiate and execute gaming compacts, including authorized class III games.** The governor may negotiate and represent the state in any negotiations for class III games authorized under [sections 1 through 4] and the Indian Gaming Regulatory Act, 25 U.S.C. 2710(d)(3)(B).

**Section 5.** Section 23-5-112, MCA, is amended to read:

**"23-5-112. Definitions.** Unless the context requires otherwise, the following definitions apply to parts 1 through 8 of this chapter:

(1) "Applicant" means a person who has applied for a license or permit issued by the department pursuant to parts 1 through 8 of this chapter.

(2) "Application" means a written request for a license or permit issued by the department. The department shall adopt rules describing the forms and information required for issuance of a license.

(3) "Authorized equipment" means, with respect to live keno or bingo, equipment that may be inspected by the department and that randomly selects the numbers.

(4) "Bingo" means a gambling activity played for prizes with a card bearing a printed design of 5 columns of 5 squares each, 25 squares in all. The letters B-I-N-G-O must appear above the design, with each letter above one of the columns. More than 75 numbers may not be used. One number must appear in each square, except for the center square, which may be considered a free play. Numbers are randomly drawn

using authorized equipment until the game is won by the person or persons who first cover one or more previously designated arrangements of numbers on the bingo card.

(5) "Bingo caller" means a person 18 years of age or older who, using authorized equipment, announces the order of the numbers drawn in live bingo.

(6) "Card game table" or "table" means a live card game table:

(a) authorized by permit and made available to the public on the premises of a licensed gambling operator; or

(b) operated by a senior citizen center.

(7) "Card game tournament" means a gambling activity for which a permit has been issued involving participants who pay valuable consideration for the opportunity to compete against each other in a series of live card games conducted over a designated period of time.

(8) "Dealer" means a person with a dealer's license issued under part 3 of this chapter.

(9) "Department" means the department of justice.

(10) "Distributor" means a person who:

(a) purchases or obtains from a licensed manufacturer, distributor, or route operator equipment of any kind for use in gambling activities; and

(b) sells the equipment to a licensed distributor, route operator, or operator.

(11) (a) "Gambling" or "gambling activity" means risking any money, credit, deposit, check, property, or other thing of value for a gain that is contingent in whole or in part upon lot, chance, or the operation of a gambling device or gambling enterprise.

(b) The term does not mean conducting or participating in a promotional game of chance and does not include amusement games regulated by Title 23, chapter 6, part 1.

(12) "Gambling device" means a mechanical, electromechanical, or electronic device, machine, slot machine, instrument, apparatus, contrivance, scheme, or system used or intended for use in any gambling activity.

(13) "Gambling enterprise" means an activity, scheme, or agreement or an attempted activity, scheme, or agreement to provide gambling or a gambling device to the public.

(14) (a) "Gift enterprise" means a gambling activity in which persons have qualified to obtain property to be awarded by purchasing or agreeing to purchase goods or services.

(b) The term does not mean:

(i) a cash or merchandise attendance prize or premium that county fair commissioners of agricultural fairs and rodeo associations may give away at public drawings at fairs and rodeos;

(ii) a promotional game of chance; or

(iii) an amusement game regulated under Title 23, chapter 6.

(15) "Gross proceeds" means gross revenue received less prizes paid out.

(16) "Illegal gambling device" means a gambling device not specifically authorized by statute ~~or~~, by the rules of the department, or by a tribal-state gaming compact negotiated and approved pursuant to [sections 1 through 4]. The term includes:

(a) a ticket or card, by whatever name known, containing concealed numbers or symbols that may match numbers or symbols designated in advance as prize winners, including a pull tab, punchboard, push card, tip board, pickle ticket, break-open, or jar game, except for one used under Title 23, chapter 7, or under part 5 of this chapter or in a promotional game of chance approved by the department; and

(b) an apparatus, implement, or device, by whatever name known, specifically designed to be used in conducting an illegal gambling enterprise, including a faro box, faro layout, roulette wheel, roulette table, or craps table or a slot machine except as provided in 23-5-153.

(17) "Illegal gambling enterprise" means a gambling enterprise that violates or is not specifically authorized by a statute ~~or~~, a rule of the department, or a tribal-state gaming compact negotiated and approved pursuant to [sections 1 through 4]. The term includes:

(a) a card game, by whatever name known, involving any bank or fund from which a participant may win money or other consideration and that receives money or other consideration lost by the participant and includes the card games of blackjack, twenty-one, jacks or better, baccarat, or chemin de fer;

(b) a dice game, by whatever name known, in which a participant wagers on the outcome of the roll of one or more dice, including craps, hazard, or chuck-a-luck, but not including activities authorized by 23-5-160;

(c) sports betting, by whatever name known, in which a person places a wager on the outcome of an athletic event, including bookmaking, parlay bets, or sultan sports cards, but not including those activities authorized in Title 23, chapter 4, and parts 2, 5, and 8 of this chapter;

(d) credit gambling; and

(e) internet gambling.

(18) (a) "Internet gambling", by whatever name known, includes but is not limited to the conduct of any legal or illegal gambling enterprise through the use of communications technology that allows

a person using money, paper checks, electronic checks, electronic transfers of money, credit cards, debit cards, or any other instrumentality to transmit to a computer information to assist in the placing of a bet or wager and corresponding information related to the display of the game, game outcomes, or other similar information.

(b) The term does not include the operation of a simulcast facility allowed by Title 23, chapter 4, or the state lottery provided for in Title 23, chapter 7. If all aspects of the gaming are conducted on Indian lands in conformity with federal statutes and with administrative regulations of the national Indian gaming commission, the term does not include class II gaming or class III gaming as defined by 25 U.S.C. 2703.

(19) "Keno" means a game of chance in which prizes are awarded using a card with 8 horizontal rows and 10 columns on which a player may pick up to 10 numbers. A keno caller, using authorized equipment, shall select at random at least 20 numbers out of numbers between 1 and 80, inclusive.

(20) "Keno caller" means a person 18 years of age or older who, using authorized equipment, announces the order of the numbers drawn in live keno.

(21) "License" means a license for an operator, dealer, card room contractor, manufacturer of devices not legal in Montana, sports tab game seller, manufacturer of electronic live bingo or keno equipment, other manufacturer, distributor, or route operator that is issued to a person by the department.

(22) "Licensee" means a person who has received a license from the department.

(23) "Live card game" or "card game" means a card game that is played in public between persons on the premises of a licensed gambling operator or in a senior citizen center.

(24) (a) "Lottery" means a scheme, by whatever name known, for the disposal or distribution of property among persons who have paid or promised to pay valuable consideration for the chance of obtaining the property or a portion of it or for a share or interest in the property upon an agreement, understanding, or expectation that it is to be distributed or disposed of by lot or chance.

(b) The term does not mean lotteries authorized under Title 23, chapter 7.

(25) "Manufacturer" means a person who:

(a) assembles from raw materials or subparts a completed piece of equipment or pieces of equipment of any kind to be used as a gambling device and who sells the equipment directly to a licensed distributor, route operator, or operator; or

(b) possesses gambling devices or components of gambling devices for the purpose of testing them.

(26) "Nonprofit organization" means a nonprofit corporation or nonprofit charitable, religious, scholastic, educational, veterans', fraternal, beneficial, civic, senior citizens', or service organization established for purposes other than to conduct a gambling activity.

(27) "Operator" means a person who purchases, receives, or acquires, by lease or otherwise, and operates or controls for use in public a gambling device or gambling enterprise authorized under parts 1 through 8 of this chapter.

(28) "Permit" means approval from the department to make available for public play a gambling device or gambling enterprise approved by the department pursuant to parts 1 through 8 of this chapter.

(29) "Person" or "persons" means both natural and artificial persons and all partnerships, corporations, associations, clubs, fraternal orders, and societies, including religious and charitable organizations.

(30) "Premises" means the physical building or property within or upon which a licensed gambling activity occurs, as stated on an operator's license application and approved by the department.

(31) "Promotional game of chance" means a scheme, by whatever name known, for the disposal or distribution of property among persons who have not paid or are not expected to pay any valuable consideration or who have not purchased or are not expected to purchase any goods or services for a chance to obtain the property, a portion of it, or a share in it. The property is disposed of or distributed by simulating a gambling enterprise authorized by parts 1 through 8 of this chapter or by operating a device or enterprise approved by the department that was manufactured or intended for use for purposes other than gambling.

(32) "Public gambling" means gambling conducted in:

(a) a place, building, or conveyance to which the public has access or may be permitted to have access;

(b) a place of public resort, including but not limited to a facility owned, managed, or operated by a partnership, corporation, association, club, fraternal order, or society, including a religious or charitable organization; or

(c) a place, building, or conveyance to which the public does not have access if players are publicly solicited or the gambling activity is conducted in a predominantly commercial manner.

(33) "Raffle" means a form of lottery in which each participant pays valuable consideration for a ticket to become eligible to win a prize. Winners must be determined by a random selection process approved by department rule.

(34) "Route operator" means a person who:

(a) purchases from a licensed manufacturer, route operator, or distributor equipment of any kind for use in a gambling activity;

(b) leases the equipment to a licensed operator for use by the public; and

(c) may sell to a licensed operator equipment that had previously been authorized to be operated on a premises.

(35) "Senior citizen center" means a facility operated by a nonprofit or governmental organization that provides services to senior citizens in the form of daytime or evening educational or recreational activities and does not provide living accommodations to senior citizens. Services qualifying under this definition must be recognized in the state plan on aging adopted by the department of public health and human services.

(36) (a) "Slot machine" means a mechanical, electrical, electronic, or other gambling device, contrivance, or machine that, upon insertion of a coin, currency, token, credit card, or similar object or upon payment of any valuable consideration, is available to play or operate, the play or operation of which, whether by reason of the skill of the operator or application of the element of chance, or both, may deliver or entitle the person playing or operating the gambling device to receive cash, premiums, merchandise, tokens, or anything of value, whether the payoff is made automatically from the machine or in any other manner.

(b) This definition does not apply to video gambling machines authorized under part 6 of this chapter.

(37) "Video gambling machine" is a gambling device specifically authorized by part 6 of this chapter and the rules of the department."

**NEW SECTION. Section 6. Notification to tribal governments.** The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell band of Chippewa.

**NEW SECTION. Section 7. Codification instruction.** [Sections 1 through 4] are intended to be codified as an integral part of Title 23, chapter 5, and the provisions of Title 23, chapter 5, apply to [sections 1 through 4].

NEW SECTION. **Section 8. Effective date -- applicability.** [This act] is effective on passage and approval and applies to all tribal-state gaming compacts negotiated and approved by a Montana Indian tribe and the state on or after [the effective date of this act].

- END -



\_\_\_\_\_ BILL NO. \_\_\_\_\_

INTRODUCED BY \_\_\_\_\_  
(Primary Sponsor)

BY REQUEST OF THE STATE-TRIBAL RELATIONS COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS ON TRAINING OF STATE AGENCY MANAGERS AND STATE EMPLOYEES ON TRIBAL ISSUES AND CONCERNS; REQUIRING TRAINING TO BE PROVIDED BY THE GOVERNOR'S OFFICE; AMENDING SECTION 2-15-143, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 2-15-143, MCA, is amended to read:

**"2-15-143. Training and consultation.** (1) At least once a year, the ~~department of justice~~ governor's office and a trainer selected by the tribal governments shall provide training ~~in Helena or a site mutually agreed upon~~ to state agency managers and key employees who have regular communication with tribes on the legal status of tribes, the legal rights of tribal members, and social, economic, and cultural issues of concern to tribes.

(2) At least annually, the governor ~~may~~ shall convene ~~in Helena a full-day~~, working meeting ~~at which the governor, with~~ representatives of state agencies; and tribal officials, including ~~chiefs and~~ tribal presiding officers, ~~shall~~ to discuss:

(a) ~~review the~~ tribal concerns with rules and policies that directly impact tribal government and tribal populations ~~that are proposed for adoption by the state agencies and recommend changes to the policies;~~  
and

(b) ~~discuss other~~ issues of concern to either the state ~~and or~~ the tribes ~~and formulate solutions; and~~

(c) potential solutions to the concerns.

(3) By ~~December~~ August 15 of each year, a each state agency shall submit to the governor a report for the prior fiscal year describing ~~to the governor and to each tribal government~~ on the activities of the state agency relating to tribal government and tribal populations. The report must include:

(a) any rule or policy changes that the state agency adopted because of discussions under subsection (2)(a);

~~(b) the name of the individual within the state agency who is responsible for implementing the policy;~~

~~(e)(b)~~ the process that the state agency has established to identify the ~~programs~~ activities of the state agency that affect tribes;

~~(d)(c)~~ the efforts of the state agency to promote communication and the government-to-government relationship between the state agency and the tribes; and

~~(e)(d)~~ the efforts of the state agency to ensure tribal consultation and the use of American Indian data in the development and implementation of agency programs that directly affect tribes; ~~and~~

~~\_\_\_\_\_ (f) a joint description by tribal program staff and state staff of the training required under subsection (1).~~

(4) By September 15 of each year, the governor shall provide to each tribal government a report with an overview of all state and tribal activities for the prior fiscal year, including a description of the training required under subsection (1)."

NEW SECTION. Section 2. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell band of Chippewa.

NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

- END -

# Analyzing Montana's Indian Reservations' Economies

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Montana Department of Commerce

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Research Analyst, Office of Research and Policy  
Analysis, Montana Legislative Services Division

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# Economic Base

Jobs → Income

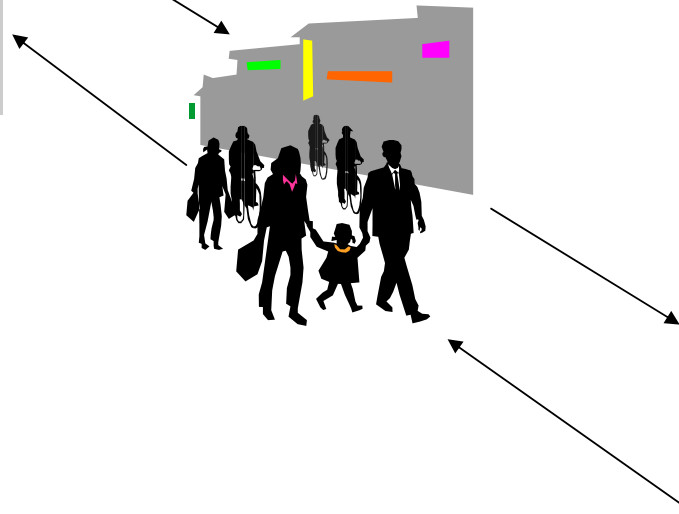
Business



Create Wealth

- Marketing
- Customer Service
- Accounting
- Management

Consumers



- Public Finance
- Zoning/Land Use
- Public Works
- Public Safety

Government



Redistribute Wealth

# Business – Where to Locate

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Retail sales: Gauge of purchasing power

Population: 5,584

On reservation



How much  
population is  
needed?

Population: 3,946

Off reservation



16 mile radius – One establishment

Business	Town Population	Market Population
Grocery Store	329	1,250
General Merchandise	385	1,536
Pharmacy	957	2,939
Hardware Store	959	3,709
Automotive Parts	1,083	4,000

“Potential for Retail Trades in Rural Communities,” University of Missouri Extension, <http://muextension.missouri.edu>;  
Montana Natural Resource Information System, Interactive Mapping and Database Applications,  
<http://nr.is.state.mt.us/interactive.html>

# Examples

Population: 5,584  
On reservation

Number of Establishments

Population: 3,946  
Off reservation

Store	Actual	Potential
Automotive	0	1
Grocery	1	3
Pharmacy	0	1
General*	2	2
Total Retail	12	

Store	Actual	Potential
Automotive	2	1
Grocery	2	3
Pharmacy	1	1
General*	1	2
Total Retail	27	

\* Dollar stores, general stores, trading posts: retail new goods such as apparel, dry goods, house wares, etc.

<b>Industry</b>	<b>Pop: 3,708</b>	<b>Pop: 1,498</b>
Utilities	1	1
Construction	4	5
Manufacturing	1	3
Wholesale	1	4
Retail	11	14
Transportation	2	2
Information	0	5
Finance & Insurance	1	6
Real Estate	2	0
Professional	1	4
Education (Private)	1	0
Health Care	4	3
Art, Entertainment	1	3
Accommodation & Food	4	7
Consumer Services	8	5
<b>TOTAL BUSINESSES</b>	<b>45</b>	<b>68</b>
Public Administration (Gov't)	78	25

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# Diversity of an Economy

- Smaller population is OFF the reservation
- 2.5 times less population
- 1.5 times more businesses
- 3 times less government

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Industry	Pop: 3,708	Pop: 1,498	Potential
Utilities	1	1	2
Construction	4	5	12
Manufacturing	1	3	6
Wholesale	1	4	10
Retail	11	14	35
Transportation	2	2	5
Information	0	5	12
Finance & Insurance	1	6	15
Real Estate	2	0	2
Professional	1	4	10
Education (Private)	1	0	1
Health Care	4	3	7
Art, Entertainment	1	3	7
Accommodation & Food	4	7	15
Consumer Services	8	5	12
<b>TOTAL BUSINESSES</b>	<b>45</b>	<b>68</b>	<b>170</b>
Public Administration (Gov't)	78	25	62

# Growth Potential

U.S. Census Bureau,  
Zip Code Business Patterns, 2003



# Employment

## Largest Employers

- Tribal Government
  - 1,000 – 4,999
- Federal Government
  - BIA
- Tribal Enterprises
- School systems

## Private Employers

- Grocery Stores
- Construction
- Health Care
- Hotels

# Agriculture on the Reservation

<b>Item</b>	<b>Total</b>	<b>Non Native American</b>	<b>Native American</b>	<b>% of Total</b>
Farms	2,552	1,825	727	29%
Average Size (acres)	3,116	2,179	5,196	167%
Market Value of Products	\$221,182,000	\$162,150,000	\$59,032,000	27%
Farm Expenses*	\$183,549,000	\$150,709,000	\$32,841,000	18%
Internet Access	1,406	1,048	358	26%
% of Farms with Internet	55%	57%	49%	N/A
Market Value per Acre	\$52,116	\$59,636	\$11,361	22%
Expense per Acre	\$43,249	\$55,428	\$6,320	15%
Net Income per Acre	\$8,867	\$4,208	\$5,041	57%

\* Due to confidential information, only 6 reservations used

United States Department of Agriculture, National Agricultural Statistics Service, [http://www.nass.usda.gov/Census\\_of\\_Agriculture/index.asp](http://www.nass.usda.gov/Census_of_Agriculture/index.asp)

# Vibrancy of Economy

Town	Zip Code Population	# of Retail Est	Pop/Est	# of Govt entities*	Pop/Govt	Zip Code
Browning	6,689	14	478	81	83	59417
Cut Bank	5,220	27	193	27	193	59427
Wolf Point	5,027	31	162	35	144	59201
Scobey	1,498	14	107	11	136	59263
Lame Deer	2,908	6	485	74	39	59043
Hardin	4,726	29	163	15	315	59034
Crow Agency	2,290	8	286	59	39	59022
Box Elder	2,901	2	1,450	25	116	59521
Harlem	2,565	12	214	19	135	59526
Hays	1,092	3	364	5	218	59527
Polson	9,209	59	156	35	263	59860
Ronan	6,202	40	155	20	310	59864
Helena	47,154	277	170	133	355	59601,2,4,20,23, 24,25,26
Montana	926,865	5,145	180	2,309	401	

Reference USA, [www.referenceusa.com](http://www.referenceusa.com), U.S. Census Bureau, Zip Code Business Patterns, 2002 and 2003

- Reference USA
- 921: Executive, Legislative and
- Other government support. Excludes
- Law enforcement, public health

# Productivity – Measure of Efficiency

## Average Output per Worker (IMPLAN)

Area	Output/worker
Montana	\$86,309
Blackfeet	\$75,398
Crow	\$76,531
Flathead	\$82,532
Fort Belknap	\$56,367
Fort Peck	\$69,559
Northern Cheyenne	\$60,559
Rocky Boys	\$67,638
Glacier	\$71,790
Toole	\$77,466
Yellowstone	\$116,707

Area	Output/worker
Lewis & Clark	\$82,675
Cascade	\$83,367
Missoula	\$82,749
Gallatin	\$80,178
Flathead	\$85,341
Hill	\$69,383
Garfield	\$82,941
Richland	\$85,986
Rosebud	\$100,944
Blaine	\$59,319
Beaverhead	\$80,303

# Compensation per Worker

## Average Salary per Worker (IMPLAN)

Area	Output/worker
Montana	\$24,680
Blackfeet	\$20,894
Crow	\$21,697
Flathead	\$24,197
Fort Belknap	\$16,089
Fort Peck	\$17,129
Northern Cheyenne	\$27,005
Rocky Boys	\$21,908
Glacier	\$26,409
Toole	\$22,866
Yellowstone	\$28,867

Area	Output/worker
Lewis & Clark	\$30,370
Cascade	\$28,048
Missoula	\$25,324
Gallatin	\$23,500
Flathead	\$23,225
Hill	\$23,711
Garfield	\$10,775
Richland	\$21,350
Rosebud	\$35,437
Blaine	\$19,141
Beaverhead	\$21,834

# Needed Statistics

- Population
- Labor Force
  - Employment
- Income
- Wages and salaries
- Ownership
- Output per worker

# Summary

- Private businesses create wealth
  - ➔ Private goods and services
  - ➔ Business decisions
- Governments redistribute wealth
  - ➔ Public goods and services
  - ➔ Government decisions

## **Appendix C: Economic Status of American Indians in Montana: A Preliminary Assessment**

Reprinted with permission from the Winter 2004 Montana Business Quarterly, a publication of the Bureau of Business and Economic Research at the University of Montana. The original article is available online at: <http://gain.mt.gov/docs/mbq4-041.pdf>.

*Editor's note: The State/Tribal Economic Development Commission is beginning work on a first-ever comprehensive assessment of the economic status of American Indians in Montana. The Commission has asked the Bureau to look at data to help with the assessment.*

*As a first step, the Bureau studied selected data from the 2000 Census of Population, analyzed the attitudes and opinions of American Indians about work-related topics, and provided an explanation for different measures of American Indian unemployment.*

*The following report has been submitted to the Commission, but does not represent their position or opinions.*

### **Characteristics of American Indians on Montana Reservations**

The decennial census provides unique once-a-decade data on a variety of economic and demographic characteristics. The 2000 Census included a new feature allowing analysis of American Indians living on reservations. Census data are not perfect because their accuracy depends on completeness, and this has been an issue on Indian reservations. Nevertheless, the census data provide information that is not available elsewhere.

According to the 2000 Census, there were 65,945 self-identified American Indians in Montana, or about 7.3 percent of the total population. Approximately 37,871 American Indians, or about 57.4 percent, lived on one of the state's seven reservations.

As shown in Table 1, the Blackfeet and the Flathead reservations were the largest, with 8,665 and 7,853 American Indian residents, respectively. Rocky Boy's (2,598) and the Fort Belknap (2,805) reservations were the smallest.

American Indians are not the only people living on reservations. Across all seven reservations in Montana, approximately 59.6 percent of the residents said they were American Indians. This percentage varies significantly from one reservation to another. About 97.1 percent of the residents of Rocky Boy's and roughly 94.89 percent of the Fort Belknap reservations identified



themselves as American Indians. By contrast, American Indians are a minority on the Flathead Reservation; only 30 percent of the population identified themselves as American Indian.

American Indians are, on average, much younger than other Montanans. The median age for American Indians was 24.1 years, as compared with 37.5 years for the total population of Montana. The youngest American Indians were on the Northern Cheyenne and Rocky Boy's reservations, with medians of 20.2 and 20.1 years, respectively. The oldest were on the Fort Peck Reservation, where the median age was 30.2 years.

The lower median age for American Indians can be attributed to two factors – relatively few elderly people and far more young people. Data not presented in Table 2 show that in 2000, about 39 percent of American Indians were less than 18 years of age, as compared with 25 percent of the total population. About 5 percent of American Indians were over 65 years old, while 13.5 percent of Montana's population was over 65.

In 2000, American Indians occupied about 19,145 housing units in Montana. About 50.6 percent of the Indian households were owner-occupied, as compared to 69.1 percent for the entire population. The highest percentages for American Indian owner-occupied housing were on the Crow and Flathead reservations, reporting 70.9 percent and 60.5 percent of the total, respectively. The Fort Belknap, Fort Peck, and the Northern Cheyenne reservations reported roughly equal owner-occupied figures of 51 to 54 percent. Approximately 42.9 percent of the American Indian housing units on the Rocky Boy's Reservation were owner-occupied.

American Indians generally reported fewer years of education than other Montanans. There are indications, however, that specialized programs and tribal colleges are having a measurable impact on the educational attainment of Indians in Montana. Approximately 25.6 percent of all Montanans said they had some post-high-school education, and 5.9 percent said they had earned an associate degree (Table 3). Both of these figures were higher among American Indians, and they were much higher on several reservations. For example, 14.6 percent of the American Indians on both the Fort Belknap and Rocky Boy's reservations said they had associate degrees, more than double the statewide average. Tribal colleges emphasize two-year and other non-degree programs, which would result in the higher percentages in these two categories.

American Indians are employed in a wide variety of industries (Table 4). Health care and social assistance was the largest category, employing about 3,353 American Indians statewide. Public administration (which includes all forms of government) and educational services were second and third, employing 3,200 and 2,660 respectively.

The employment distributions reflect the differing economies of the reservations. The relatively high percentage of mine workers on the Crow and Northern Cheyenne reservations, both more than double the statewide average, are testimony to coal mines in the area. The relatively large number of Indians employed in health care on the Crow Reservation may reflect the Bureau of Indian Affairs hospital there.

Manufacturing accounted for 11.9 percent of the employed American Indians on the Flathead Reservation, almost twice the statewide figure. This large percentage was due to the local wood products industry, Jore Manufacturing, and the tribes' economic development efforts emphasizing manufacturing activities. The manufacturing percentage may understate the true figure because some employees of tribal manufacturing firms may not have considered themselves as tribal employees. This potential misclassification may also explain the relatively low reported figure for manufacturing on the Fort Peck Reservation, where A&S Industries and other manufacturing enterprises are important tribal undertakings.

The median household income for American Indians was \$22,824, more than \$10,000 less than the \$33,024 reported for all Montanan households (Table 5).

The median household income on the Crow Reservation was \$28,199, almost \$10,000 more than the \$18,484 reported on the Fort Peck Reservation. This difference was not because of a few wealthy people; the Crow Reservation actually reported the lowest percentage of households in the \$100,000 or greater category. A closer look at the figures reveals that the Crow Reservation reported by far the lowest percentage in the less than \$10,000 income category. Furthermore, there were relatively more households on the Crow Reservation in the middle-income categories from \$30,000 to \$99,000. These households may include people with relatively good-paying mining and BIA hospital jobs.

### **Attitudes about Work-Related Topics**

In 2002, the Bureau of Business and Economic Research surveyed the attitudes and opinions of American Indians in Montana about important labor market topics for the state Department of Labor and Industry.

The race identification questions in the questionnaire followed the concepts and procedures developed by the U.S. Census Bureau. There were 411 completed interviews with self-identified American Indians – a number sufficient to provide valid analyses of adult American Indians with telephones in Montana. There were not enough responses to derive separate estimates for each reservation.

When asked what kind of a job they preferred, American Indian respondents overwhelmingly said they wanted a full-time position working during the day. About 84.4 percent of the American Indian respondents said they preferred a full-time position, which was not statistically different from the 77.8 percent of non-Indians who responded the same way. Approximately 68.7 percent of American Indians said they preferred to work during the day, which is also statistically equal to the 71.1 percent of non-Indians who gave the same response.

On average, American Indians said they preferred to work 33.7 hours per week – again, statistically identical to the average of 33.2 hours preferred by non-Indians.

When searching for a job, American Indians said they relied upon:

- The newspaper (77.7 percent),
- Word of mouth (76.0 percent),
- Contact employer directly (49.2 percent), and
- The local job service (43.6 percent).

With the exception of reversing newspapers and word of mouth, non-Indians expressed the same preferences.

Respondents were asked about desirable benefits and what type of firm they would like to work for (Tables 6 and 7). The top five non-wage benefits considered by American Indians were:

- Paid vacation (96.6 percent),
- On-the-job training (96.1 percent),
- Paid holidays (96.0 percent),
- Sick leave (94.4 percent), and
- Retirement plan (93.8 percent).

Child care was the only job benefit for which American Indians and non-Indians differed. American Indians gave higher importance to child care than non-Indians. Child care repeatedly appeared as an important work-related topic among American Indians.

American Indians and non-Indians ranked industries almost identically as desirable places to work. American Indians ranked engineering research firms as the most desirable place to work, followed by software-development companies and technical consulting companies. Non-

Indians also ranked these industries as their top three; the only difference was they reversed technical consulting and software-development firms.

Jobs with outbound telemarketing firms were judged least desirable by both American Indians and non-Indians. Welding/fabrication plant jobs and insurance claims positions were next in line as undesirable by both American Indians and non-Indians.

Almost three-fourths of the American Indians surveyed said they had experience with computers. This was not statistically different from the 81.3 percent of the non-Indians who said they had experience with computers. When asked to rate their skills in specific computer applications, American Indians and non-Indians rated themselves about the same. About 48.4 percent of the American Indians said they were skilled to very skilled in word processing, compared with 54.5 percent of the non-Indians.

American Indians were generally more willing than non-Indians to be educated or accept training in work-related areas, but the differences were not statistically significant in specific categories. For example, 76 percent of the American Indians surveyed said they would accept training in information/computer technology as compared to 67.9 percent of the non-Indians. Similarly, 50.3 percent of the American Indians queried said they would accept training in the construction trade, while 39.7 percent of the non-Indians gave the same response.

Child care was identified as one of the most important job-related benefits for American Indians. About 13.7 percent of the American Indian respondents said they used child care, well above the 8.3 percent of non-Indians who gave the same response. American Indians averaged 1.3 children per household for those using child care, not statistically different from 1.5 children per household for non-Indians. Approximately 52.4 percent of American Indian households using child care reported they had problems finding a quality facility, well above the 30 percent of non-Indians who reported the same difficulty. In summary, although it involves relatively few households, child care was much more important for American Indians, and they had more trouble finding quality care.

### **Measurement of Unemployment**

American Indian unemployment is measured differently by the U.S. Bureau of Indian Affairs (BIA) and the U.S. Bureau of Labor Statistics (BLS). This discrepancy yields very different figures reported in the media and elsewhere – and leads to the apparent contradictions between two federal agencies.

As shown in Table 9, the BIA estimated that the 2000-01 unemployment rate on the Fort Peck Reservation was 63 percent. In Table 8, the 2000 Census (which follows the BLS method) reported an unemployment rate of 28.6 percent on the same reservation.

The Bureau of Labor Statistics unemployment estimates are based on a survey of the population, looking directly at the behavior of those who are not working.

People are classified as unemployed if they do not have a job, have actively looked for work in the prior four weeks, and are available for work. Actively looking for work may consist of any of the following activities:

- Contacting an employer directly or having a job interview; a public or private employment agency; friends or relatives; a school or university employment center;
- Sending out resumes or filling out applications;
- Placing or answering advertisements;
- Checking union or professional registers; or
- Some other means of active job search.

This measure of the behavior of those not working is compared with those counted as part of the labor force.

BLS labor force measures are based on the civilian non-institutional population 16 years old and over. Excluded are people under 16 years of age, all inmates of institutions and persons on active duty in the Armed Forces. All other members of the civilian non-institutional population are eligible for inclusion in the labor force, and those 16 and over who have a job or are actively looking for one are so classified. The remainder – those who have no job and are not looking for one – are counted as “not in the labor force.” Many who do not participate in the labor force are going to school or are retired. Family responsibilities keep others out of the labor force. Still others have a physical or mental disability which prevents them from participating in the labor force.

Using the BLS approach and looking at the Fort Peck Reservation, Table 8 shows unemployment is equal to the number of unemployed (665) divided by the civilian labor force (2,322) yielding  $(665/2,322 = .286)$  a figure of 28.6 percent.

The Bureau of Indian Affairs approach is not based on a survey, but on population measures where the unemployed are simply those people who are not working. So Table 9 shows the BIA measure of unemployment on the Fort Peck Reservation during 2000-2001 as the number

available for work (3,996) divided into those not employed (2,525), yielding a 63-percent unemployment rate.

The difference comes from the survey question used by the Bureau of Labor Statistics that distinguishes between those looking for work in the last four weeks from those who were counted as part of the population available for work by the BIA. The BIA counts 2,525 as unemployed, while the BLS counts 665 as unemployed. This difference of 1,860 (less those over 65 amounting to 371 people) is the approximate 34.4 percent difference in the unemployment measures reported by the two agencies.

When the overall population count on any reservation is adjusted to match the BIA and the BLS measures of unemployment, we are left with 34 percent to 38 percent differences in unemployment. The differences are explained by how the BLS and BIA categorize “discouraged workers.” Discouraged workers are those who have ceased searching for a job.

Discouraged workers might want to work, but they have demonstrated no effort to get a job, so they are removed from the labor force. Part-time workers are classified as employed, even though they may want to work full-time. Categorizing discouraged workers as part of the labor force would increase the unemployment rate above the Bureau of Labor Statistics level.

To be officially counted as unemployed by the Bureau of Labor Statistics, a person must be actively seeking work. The BIA considers discouraged workers as part of the labor force, and therefore unemployed.

Work continues to more fully understand the characteristics of Montana’s American Indian population. The information, and therefore the research, is essential if legislators, agency officials, and tribal leaders are to make well-informed decisions in the years ahead.

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