



# State-Tribal Relations Committee

## 57th Montana Legislature

**SENATE MEMBERS**  
EDWARD B. "ED" BUTCHER  
B.F. "CHRIS" CHRISTIAENS  
JERRY O'NEIL  
GERALD PEASE

**HOUSE MEMBERS**  
NORMA BIXBY  
CAROL C. JUNEAU  
KEN PETERSON  
RICK RIPLEY

**COMMITTEE STAFF**  
CONNIE ERICKSON  
RESEARCH ANALYST  
EDDYE McCLURE, STAFF ATTORNEY  
LOIS O'CONNOR, SECRETARY

## MINUTES

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division.

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Fourth Meeting of Interim  
Flathead Reservation  
June 11 - 12, 2002

### **COMMITTEE MEMBERS PRESENT**

Sen. B.F. "Chris" Christiaens, Chair  
Rep. Rick Ripley, Vice Chair  
Sen. Edward B. "Ed" Butcher  
Sen. Jerry O'Neil  
Sen. Gerald Pease  
Rep. Norma Bixby  
Rep. Carol C. Juneau  
Rep. Ken Peterson

### **STAFF PRESENT**

Connie Erickson, Research Analyst  
Eddy McClure, Staff Attorney

### **AGENDA**

Agenda (ATTACHMENT #1)

### **CALL TO ORDER AND ROLL CALL**

The Committee met with the Confederated Salish and Kootenai Tribal Council at 1:05 p.m. on June 11, 2002. Attendance was noted, all Committee members were present. (ATTACHMENT #2) Committee members and the Tribal Council discussed tribal needs and economic development issues.

Topics that are most important to the Flathead Reservation are economic development, gaming, water rights, non-beneficiary students attending the Salish and Kootenai Tribal College, and the reduction of health services that are paid for under Medicaid as proposed by Governor Martz.

**Lloyd Irvine, Tribal Council Member**, said that a Reservation-wide economic development summit was held in early June. The Tribal Council is currently moving forward with a 2-day working session to discuss some of the summit's recommendations.

Sen. Christiaens asked what has been done on and over what period of time have the Tribes been working on self-sustaining economic development. Mr. Irvine said that the Confederated Salish and Kootenai Tribes have businesses scattered throughout the Reservation, and it has nothing that can tie them all together. The 2-day working session may provide some direction, vision, and goals and objectives to bring the businesses together to begin working for the future.

Sen. Christiaens said that he was most interested in what the Flathead Reservation has done with its TANF dollars since it is one of two reservations that have tribally controlled TANF programs. He said that in the rest of the state, welfare reform has almost reached the 5-year time line at which point welfare will not be available. **Jami Hamel, Vice Chair, Confederated Salish and Kootenai Tribal Council**, said that when the tribes took on the TANF programs, it centralized all of its services and put it under the Department of Human Resources.

**Anna Sorrel** added that the Confederated Salish Kootenai Tribes were one of the first tribes to take over the responsibility of its own TANF program, becoming one of only 26 across the nation. With the upcoming reauthorization of TANF at the federal level, there are many opportunities that could be presented to the tribes. The Confederated Salish and Kootenai Tribes worked extensively with the state before it took over the TANF program three years ago. Instead of establishing a general assistance or social services program, the Tribes redesigned the entire tribal welfare structure by combining all income-based programs with those programs related to education or economic self-sufficiency into a single delivery system that is operated in addition to the TANF dollars that the Tribes receive from the federal government.

Ms. Sorrel added that the Tribes do not receive state dollars, although the state contributes a 30% match on the federal side for non-Confederated Salish and Kootenai Tribe-eligible beneficiaries. The Tribes negotiated an amount of money that allowed them to operate the program without a state match. Ms. Sorrel said that the Tribes have always looked at how they could best be supported by the state, and it has taken on a tremendous responsibility as a result of serving this clientele. The Flathead Reservation has more benefit in terms of operating the program because it has reduced the unemployment rate (approximately 41%). It was also fortunate to receive a welfare-to-work grant out of discretionary funds from the federal government which helped to build a strong foundation to move the program forward.

Ms. Sorrel said that Teresa Wall-McDonald has done a wonderful job in seeking outside sources of funding and has moved the program from one of recipients receiving a check to being out working. She has also spent hours figuring out new and innovative ways to create jobs. For example, in August of 2000, the Flathead Reservation was the only reservation in the nation to experience the fires that were throughout Montana. Ms. Wall-McDonald was able to capitalize on a grant to transition those woods workers into other professions. The Reservation has also partnered with the state in these types of grant opportunities.

**Carole Lankford, Tribal Secretary** asked how long the Committee had been in existence. **Connie Erickson, Research Analyst, Legislative Services Division**, said that it has been at least 20 years that there has been a legislative committee dealing with state-tribal relations in Montana. In the past, it was called the Committee on Indian Affairs. It is not a committee that meets during a legislative session but one that meets in between legislative sessions. It has been a permanent committee for approximately 15 years, it is an 8-member committee--4 Senators and 4 Representatives both Democrat and Republican--and staff services are provided by the Legislative Services Division.

Ms. Lankford asked if this was the first time that the Committee has made trips to each reservation. **Eddy McClure, Staff Attorney, Legislative Services Division**, said that the Committee tries to have at least one-half of its meetings on Montana's reservations. It usually visits two reservations in an interim by invitation.

Ms. Lankford asked what types of economic development were the other tribes looking at. Rep. Juneau stated the following:

- The Blackfoot Tribe is taking steps to review gaming and is currently negotiating a gaming compact with the state.
- It is reviewing the possibility of building a resort near St. Mary's south of the Canadian border.
- It is very important to tie an education component to economic development.
- The Blackfoot Tribe is also in the process of exploring the possibility of contracting TANF as the Flathead and Fort Belknap Reservations have.
- Jobs on the Blackfoot Reservation are very few and far between. Firefighting is a major industry on the Reservation; and with the recent moisture, it has been very bad for the Blackfoot firefighters.
- She would like to see more work done in the area of creating small businesses.
- The Blackfoot Tribal wind-power plan has been set aside because Bonneville Power made the determination to not purchase any power from the project even if it was built.

Sen. Pease stated the following:

- The Crow Tribe is reviewing what it needs to do for the state's coal-bed methane project.
- It is exploring wind generation as well.
- Jobs are very scarce on the Crow Reservation (75% unemployment) and coal is one of the Crow Tribe's biggest resources.

Rep. Bixby stated the following:

- The Northern Cheyenne Tribe built a new casino which is doing very well.
- It is currently re-negotiating its gaming compact with the state.
- The Tribe has also completed a master plan for economic development and has begun its implementation.
- In addition, it is reviewing a waste disposal plant and an ultra-new energy opportunity.
- She also believed that education was very important for developing economically.
- Dull Knife Memorial College is doing good things.
- A number of the Reservation's tribal members are going into small businesses.
- The Northern Cheyenne Tribe is also trying to utilize its forest area by reviewing the possibility of reopening its sawmill.

Ms. Lankford said that the Confederated Salish and Kootenai Tribes are reviewing many of the same issues as the other tribes. It is continually discussing the Yellowstone Pipeline project.

**Joel Clairmont, Tribal Council Member**, said that the Salish and Kootenai College helped the Flathead Reservation, and it continues to look for funding for its curriculum and programs. It not only has tribal members attending the college, but non-tribal members as well. The state has balked about funding Salish and Kootenai College as well as other tribal colleges. He said that education is the first building block in solving the reservation unemployment problems. He added that Montana is 50th in the nation as far as jobs and employment, and those dollars are very important to move tribal members into the economic mainstream.

**Ron Graham, Tribal Council Member**, said that the Tribal Council is also trying to decide what to do with or to redevelop its hot springs, and the Tribes are currently negotiating its water rights with the state. He requested the Committee's help in those negotiations.

Ms. McClure said that she is currently working on a second edition of the legislative handbook Tribal Nations of Montana which is used to educate legislators on state-tribal issues. Part of its expansion relates to the Water Compact Commission. During the 2001 Legislative Session, an amendment was made to the Water Compact Commission laws that prohibited interim water compact agreements. The Confederated Salish and Kootenai Tribes may have to come before the 2003 Legislature asking for that to be addressed to allow the Tribes to have an interim agreement that may lead to a permanent agreement. If the Tribes want legislation proposed, Committee staff will work with members of the Tribes to address the problem.

Sen. Christiaens asked about the status of the current water compacts. Ms. McClure said that several compacts have gone through the entire ratifying process, some are currently before Congress, and the Crow Tribe has asked to renegotiate some parts of its water compact. In addition, because Congress is strapped for money because of homeland security, the federal funding for some of the Rocky Boy Reservation water projects are on hold.

Sen. Christiaens asked about the Tribes' gaming classes. **Joe Dupuis, Executive Secretary**, said that according to the national Indian Gaming Regulatory Act, class 1 gaming is cultural games and stick games that are performed at Pow Wows or celebrations. Class 2 gaming includes bingo and video gaming machines that do not pay out money. Class 2 gaming regulations are left to the tribes. Class 3 gaming includes all table games, slot machines, and video machines that money is put into, and it is the only class of gaming that is negotiated with the state.

Rep. Juneau brought attention to the initiative that qualified for the fall ballot that would prohibit gambling in Montana. She felt it important for Tribes to know about the initiative, particularly if they rely on gaming as an income source.

Rep. Juneau added that currently, work is being done to locate a prerelease center on one of the Indian reservations in Montana. She was unsure whether Bill Slaughter, Director, Department of Corrections, has talked with the Confederated Salish and Kootenai Tribes about this issue, but she said that the Flathead Reservation was identified as one of the best sites for a prerelease center in terms of employment potential which is required for people who are sentenced to prerelease. Rep. Juneau said that Director Slaughter has also hired an employee to work with

Native American inmates in the prison system. She also expressed her concerns about the forthcoming budget cuts being made by Governor Martz.

Ms. Lankford asked why across-the-board cuts were not made in all Departments. Sen. Christiaens said that there are various mixes of funding among the Departments. He met with representatives of the Department of Public Health and Human Services (DPHHS) to discuss what seems to be huge hits on the poorest of the poor in Montana. Montana has been very creative in leveraging the dollars that go toward human services resulting in 70% federal funds matched with 30% of state funds. He suggested that the Tribal Council talk with Rep. Joey Jayne who sits on the Human Services Subcommittee of the House Appropriations Committee. Sen. Christiaens added that, for example, 15% of the Department of Labor and Industry's entire budget is general fund while 85% of its budget is federal funds. This is one of the reasons that exact dollar-for-dollar cuts across state government are not seen.

Speaking about the proposed prerelease center on an Indian reservation, Sen. Christiaens said that almost everyone who is sentenced to prison comes back to the community from which they were sentenced and that they needed to come back better than they were when they left. He was disturbed that \$878,000 in savings in the Department of Corrections comes from treatment in the areas of mental health, chemical dependency, and other treatment programs for inmates. Because of the budget cuts, he felt that it may be difficult to start a prerelease center, but he encouraged the Tribes to collaborate with the other tribes because he felt that there should be a prerelease center on one of the reservations.

Mr. Irvine said that the Flathead Reservation has several school districts that do not have Native Americans teaching those students. One of Salish Kootenai College's priorities is to put programs in place to move in that direction. The College also has top notch nursing and dental programs as well. In addition, for years the Flathead Reservation had the only Job Corps in the United States that is Indian and co-ed, and it provides a lot of income for the local people.

Sen. Butcher said that the Education and Local Government Interim Committee is traveling across Montana and holding public hearings on school funding. Money is the biggest problem throughout the state. He said that he was unsure what the outcome will be because the state has lost all of its state-funding bases. Several refineries, smelters, and the lumber industry are all gone, partly due to environmental issues that enter into Montana, in addition to many national issues that are beyond the Committee's scope. It seems that the state is headed toward statewide mill levies, property tax, and countywide mill levies. Sen. Butcher added that 70% of the state's tax dollars goes toward education, and the human services areas are taking a huge hit because of the cuts. However, there is no money and there is nothing left to tax at the state level. There are many problems surrounding education that are very difficult to get a handle on. The questions then become "How best can Montana educate their children with the money it has?" and "How can Montana get outside businesses to invest in Montana?"

Sen. Christiaens asked if the Education and Local Government Interim Committee talked about the non-beneficiary students attending tribal colleges. Sen. Butcher said just briefly. He added that he was an advocate of encouraging students who have dropped out of school to focus on trade schools so that they could make a living and support themselves--using the education system as a stair step to higher paying jobs.

Sen. Christiaens asked if the SJR 22 Subcommittee on Health Care and Health Insurance has come to any agreement or recommendation on the rising costs of health care and health insurance. Sen. O'Neil said that the Subcommittee is looking toward providing tax credits for businesses to provide health insurance to their employees and maybe for individuals. It is also reviewing purchasing pools for prescription drugs. However, community pharmacies are now stating that they do not want government to determine which drugs people use. Sen. Christiaens said that this leads to the national issue of PHARMA that has brought lawsuits against purchasing pools in the northeast. A number of states have joined together to purchase prescription drugs, particularly for the Medicaid population. Since 1994, he has served with a reforming state's group. There are seven states, Montana included, that have been meeting with Canada about the possibility of purchasing pools. Currently, Montana purchases prescription drugs for Medicaid through the state of Minnesota to receive some break in the cost. However, it would have greater buying power if it could put the purchasing pool together.

Sen. Christiaens asked what the Flathead Reservation has been doing about the methamphetamine problem. **Sonny Morigeau, Tribal Council Member**, said that the biggest problem the Reservation has with methamphetamine labs is that the Court systems are not incarcerating the producers of the drug.

Rep. Peterson felt that many of the problems with the rising cost of health care and health insurance lies with the insurance industries and the medical professionals themselves. There are neurosurgeons in Billings who claim that they make over \$1 million a year from their medical practices, and the insurance industry supports it because they receive more premiums. He said that when he was the City Attorney for Billings, he suggested that rather than paying out \$500,000 a year for insurance premiums, they should set up their own insurance fund. It did do that. Attorneys seem to be blamed for the higher number of claims, but attorneys do not hand out awards, Judges and juries do. As an attorney, he said that it is not economically sound to take a case that is no good. However, if a person has a good case and has been injured by someone through their negligence, they should be compensated. Rep. Peterson questioned whether Salish and Kootenai College tried to recruit out-of-state students and charge them whatever tuition it needed to as an economic development process.

**Denny Orr, Tribal Council Member**, said that the military has changed over the years also, and a person cannot go into the military anymore without at least a high school education. He felt that the Tribes should review the fact that the military is a good place to go because it gives guidance, discipline, and direction--be it temporary or permanent. If the children choose to return to the Reservation, they come back and go to school.

Sen. Butcher said that one of the mistakes that is often made is that people think that children who graduate from high school are going to have a career for life. People do not go all the way through to retirement in one job and one location. They must begin to build and change and move. One size does not fit all, and the education system needs to reform itself to account for that.

**Joyce Silverthorne, Tribal Council Member**, requested that the Committee support funding for non-beneficiary students attending tribal colleges and the implementation process related to HB 528 (20-1-501, MCA)--American Indian Studies--that Montana recognize the distinct and unique cultural heritage of American Indians and to be committed in its educational goals to the

preservation of their cultural heritage. She said HB 528 implementation is affected by accreditation, content area standards, and teacher training. She said that Montana continues to have a 50% drop out rate of Native American students throughout the state, and she felt that the implementation of HB 528 could decrease that number.

Rep. Peterson felt it important to track students who drop out of school, then return to school, and continue on with a higher education. Mr. Morigeau said that he was a high school drop out, joined the Navy at 18 years of age, and finished high school. Upon his return to the Flathead Reservation, he knew what he wanted to do. He also saw his five children complete high school. He felt that one of the biggest problems on reservations is that they have too many give-away programs, such as federal housing, resulting in people not having to work. Mr. Morigeau added that the school drop out rate on the Flathead Reservation is enormous, and the drug problem is something that people cannot even talk about. He said that there were job opportunities for tribal members in the Tribes forestry department planting trees and 60% of the applicants could not pass the drug test to go to work. Stricter laws must be passed but they must also be enforced.

Ms. Hamel pointed out that the Confederated Salish and Kootenai Tribes are not using the "cookie cutter" approach to solving its problems; they are trying different approaches because of the uniqueness of the Reservation.

The Committee adjourned its discussion with the Tribal Council at 2:35 p.m.

## **RESERVATION TOUR**

### **Salish Kootenai College**

Following the meeting with the Tribal Council, the Committee visited Salish Kootenai College (SKC) where **Bob Peregoy, Director of Institutional Research**, arranged for the Committee to meet with several nonbeneficiary students. A nonbeneficiary student is either a non-Indian or an American Indian descendant. SKC receives funding from the Tribally Controlled Community College Assistance Act for enrolled tribal members who attend SKC, but no federal funding is received for nonbeneficiary students. SKC has an open enrollment policy and does not turn away nonbeneficiary students. In order to keep costs affordable for them, SKC has been subsidizing nonbeneficiary students. SKC is raising its tuition by 10% for the next academic year. Mr. Peregoy spoke of the importance of the funding for nonbeneficiary students that the state of Montana has provided intermittently over the last few years. He urged the Committee to support funding for these students, because the tribes cannot continue to subsidize these students and SKC will be forced to either raise tuition to a point where college is no longer affordable or end its policy of allowing all nonbeneficiary students to attend.

The vast majority of SKC's students are nontraditional (over age 25), and about one-half of those are single mothers. About 35% of SKC's enrollment is made up of nonbeneficiary students. The nonbeneficiary students who spoke with the committee each talked about the importance of SKC in their educational experience. Each one said that if it was not for SKC, they probably would not have been able to go to college. Most of these students were non-Indians.

Following the meeting, Peregoy and Juan Perez, SKC Director of Student Life, led the Committee on a tour of the SKC campus. SKC began as a branch of the Flathead Valley Community College in 1977. In 1981, SKC became an independent institution. It began as a two-year community college, but now offers baccalaureate degrees in

Business/Entrepreneurship, Human Services, Environmental Science, and Nursing. In addition, SKC has entered into a collaboration with Western Montana College to offer a baccalaureate degree in elementary education. Students enrolled in this program complete their two-year associate degree at SKC. They remain on the SKC campus for the next two years but follow the Western catalogue and graduation requirements.

The SKC campus consists of 15 buildings with a new science building under construction. In addition, SKC offers a limited amount of student housing on campus. The most recent additions to the campus are a new art building and a 9-hole golf course.

**WEDNESDAY, JUNE 12, 2002  
(CONTINUATION OF THE FLATHEAD RESERVATION TOUR)**

Attendance was noted, Sen. O'Neil was excused. (ATTACHMENT #3)

**KwaTaqNuk Resort**

The Committee began its visit on June 12 with breakfast and a tour of the KwaTaqNuk Resort on Flathead Lake. Owned by the Confederated Salish and Kootenai Tribes (CSKT), the resort is governed by a board of directors. The only tribally-operated casino on the reservation is located at KwaTaqNuk. The resort operates tour boats on Flathead Lake and has meeting and convention facilities. The resort is working to become a destination resort. It has made arrangements with local golf courses and ski areas to offer recreational and accommodations packages.

**S&K Electronics/S&K Holding**

S&K Electronics is another tribally-owned business that specializes in electronics technology. The business employs college-trained engineers as well as certified electronics technicians. S&K recently opened a branch office in Houston where it does contact work for NASA. Other clients of S&K include Jore Corporation, Northrop Grumman, Hewlett-Packard, Raytheon, Siemens Medical Systems, and Sun Mountain Sports. S&K Electronics gives a hiring preference to qualified tribal members. The tour of S&K Electronics was led by **Larry Hall, President and General Manager** of the company.

The Committee's next stop was S&K Holding, a company that helps develop new businesses on the reservation. KwaTaqNuk Resort began under the auspices of S&K Holding. **Joe Durglo** described some of the new projects being undertaken. Currently, S&K operates a wood processing business that makes "stickers" or wooden sticks used between piles of lumber to help in the drying process. The stickers can also be used as survey sticks and sign sticks. The business developed when area lumber mills had to pull workers off the production line to make these stickers, resulting in a loss of production time. S&K Holding saw a niche to be filled. S&K Holding is also in the process of developing a marina on some tribally-owned land on Flathead Lake.

**Department of Human Resources Development**

Following lunch at Salish Kootenai College, the Committee met with Teresa Wall-McDonald, director of the Department of Human Resources Development (DHRD). DHRD is responsible for administering the tribal TANF program on the Salish & Kootenai Reservation. CSKT



implemented its tribal TANF program in 1998. The program is very service-oriented. As each client is enrolled they are tested for drugs and take a basic achievement test to determine their educational level. The results of both tests help caseworkers design a plan that provides the best services for that family.

DHRD has worked very hard to identify areas where clients need services. Two of those identified were computer training and transportation. As a result, DHRD has created a computer-training program that utilizes a mobile computer training lab and an adult drivers' education program that will lead to a driver's license.

Emphasis is also placed on breaking the welfare cycle by working with children and youth. School attendance is monitored with provisions for rewards as well as penalties. Clients are required to engage in literacy activities with their children for 10 hours per week. Youth employment is a priority. If young people can have a successful work experience, they are less likely to become TANF clients as adults.

DHRD has also established a "one-stop shop" concept for supportive services. Almost all of the supportive services that a family needs are available in a single building on the Reservation. For services such as food stamps and LIEAP that the Tribe does not administer, Lake County provides a worker on the Reservation. The DHRD has an excellent working relationship with Lake County.

While the federal TANF five year-restriction does not generally apply to American Indians, the CSKT have implemented a 60-month limit. There are exceptions, but DHRD works very hard to make its clients self-supporting.

In addition to its work with clients, DHRD also has established good working relationships with reservation employers and day care operators. For example, DHRD worked with S&K Holding to get a welfare-to-work grant. Day care is a key component to a successful TANF program, and DHRD provides training and resources to day care operators on the reservation.

DHRD has been very successful at partnering with other agencies to obtain grant funding for many of its TANF programs. Some of its partners include the Ronan School District, SKC, AFL-CIO, Montana Job Training Partnership, and state of Montana.

### **S&K Technologies**

The final stop on the tour was S&K technologies in St. Ignatius where **Rhonda Whiting, Vice President**, spoke to the committee. S&K Technologies is a spin-off of S&K Electronics. Its speciality is information technology such as software development, data conversion and migration, support services for natural resource information and coastal engineering, web site design, electronic technical publishing, and space operations support. S&K Technologies has branch offices in Washington, Texas, Ohio, and Georgia, in addition to its St. Ignatius office. Like S&K Electronics, S&K Technologies give a hiring preference to qualified tribal members. In addition, the Tribal Council requires that for every six jobs created off the Reservation, S&K Technologies has to create one job on the Reservation.

Both S&K Electronics and S&K Technologies stressed the independence of these entities from the Confederated Salish and Kootenai Tribes. In fact, the Tribal Council only holds a single share of stock in each corporation.

**BILL DRAFT REQUESTS**

Following the visit to S&K Technologies, the Committee voted to have staff begin work on the following bill draft requests:

1. ensure funding for nonbeneficiary students;
2. establish business information centers at the three community colleges; assist Tribal Business Information Centers to expand services;
3. establish a pre-release center on a reservation using Health Care Authority money for the actual construction;
4. require the Department of Corrections to hire a Native American traditionalist to serve the spiritual needs of Native American inmates;
5. mandate that one position on the Parole Board be held by a Native American; and
6. conduct a study of the problem of American Indian drop-outs.

The Committee also voted to send letters of support to the Governor, Office of Public Instruction, and the Education and Local Government Committee in support of OPI's request for funding for the implementation of the American Indian Studies law.

The Committee will meet in late July to review the bill draft requests and make any revisions, and it will hold its final meeting in early September.

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