



Prepared By: The Office of Human Resources Planning
Minnesota Department of Energy, Planning
and Development
550 Cedar Street, St. Paul, Minnesota 55101

AN UPDATE ON THE NEEDS OF MINNESOTA INDIANS

The Impact of FY 1981-1982 Budget Cuts
and Program Changes

Prepared by

Mary L. Duroche
Center for Urban and Regional Affairs
University of Minnesota

For the

Office of Human Resources Planning
Minnesota Department of Energy, Planning
and Development

Project Director: Jim Franczyk
Project Staff: Linda Sutherland

February, 1983

TABLE OF CONTENTS

Acknowledgments	i
Summary	ii
Introduction	1
Demographic Overview	1
Education	4
Employment and Training	6
Economic Development	7
Housing	8
Health and Welfare	9

ACKNOWLEDGMENTS

Appreciation is expressed to the following organizations for their assistance in preparing this report:

- The State Demographer's Office
- The Departments of Public Welfare (Indian Chemical Dependency Program; Family and Children's Services) and Education (Indian Education Section)
- The Minnesota Housing Finance Agency (Indian Housing Program)
- Congressman Martin Sabo's Office
- The Minnesota Project
- The Indian Affairs Intertribal Board
- The Minnesota Chippewa Tribe, Inc.
- The Minnesota Sioux Communities
- Minneapolis American Indian Center
- Minneapolis Indian Health Board
- The Family Health Program
- The Division of Indian Work, Greater Minneapolis Council of Churches

SUMMARY

In the past decade Minnesota Indians, with the help of federal and state funded programs have made steady progress in the areas of economic development, housing, education and health. Recent retrenchment in governmental programs make it unlikely that this progress will continue. The status of the reservation Indian in particular, is changing. Most of the change is negative and relates to loss of federal programs in 1981 and 1982.

Education

- o State basic support for Indian school districts was cut 65%.
- o Federal Johnson-O'Malley program was cut 35%.
- o State Indian Language and Culture Program was cut 12.5%.

Employment and Training

- o Public service employment under CETA which was a primary source of staffing for reservation service programs was eliminated.
- o Federal funding for Indian Job Action, an apprentice training program for skilled trades, was eliminated.
- o Unemployment rates on Indian Reservations are greater than in the state as a whole -- 40% at Leech Lake, one of the lowest, and 85% at White Earth, the highest.

Economic Development

- o Economic Development Act (EDA) monies which financed development, technical assistance and economic planning for the reservations, as well as being a major source of jobs were almost totally lost.
- o Community Development Block Grant and the State Indian Business Loan program monies were able to replace only a fraction of the lost funding and jobs.

Housing

- o No new Housing and Urban Development (HUD) money for Indian housing is available despite a documented need for over 900 new units.
- o Jobs on reservations have been reduced because of decreased construction activity.

Health and Welfare

- o Cuts in federal Indian Health Service have reduced services to reservation Indians. Some services are now provided only on an "emergency" basis.
- o General Assistance is no longer available as a source of income for unemployed Indians.
- o Urban Indians compete with other low income groups such as Asian refugees for limited nutrition and health programs for their children.
- o Meanwhile, there is an increasing demand for mental health services by Indians.

INTRODUCTION

The 1981 State Planning Agency Report on Indian Needs prepared for the Legislature outlined the educational, economic and social needs of Indians in Minnesota. That report reviewed state and federal programs and resources devoted to Indian needs, as well as information from special studies on Indians.

In general, the report noted that slow but steady progress was being made in the areas of economic development, housing, education, and health. It noted also that most advances had stemmed from federal and state programs during the past 10 to 15 years, and that reservation Indians were highly involved in planning and program direction most particularly since enactment of the Indian Self-Determination and Education Act of 1975.

The status of Minnesota Indians, particularly on the reservations, has changed considerably in just two years. In most respects, conditions have worsened for Indians because of major federal budget cuts which began in mid-1981. State budget cuts affecting Indian programs also have been made, but have been less severe.

This report will present information on how both federal and state budget cuts have affected Minnesota Indians. It is not a comprehensive program-by-program assessment, but a broad survey, based on interviews with urban and reservation Indian leaders, on reports from state agency personnel, on various published sources, and on 1980 Census data compiled by the State Demographer's Office.

DEMOGRAPHIC OVERVIEW

The 1980 Census registered 34,831 Indians in Minnesota -- an increase of

50.6 percent over the 1970 Census total. Part of the increase may reflect an undercount of Indians in 1970, or a change in self-perception of race over the decade, according to the Demographer's Office. The official 1980 figure probably also reflects an undercount of several thousand, according to estimates of the Indian Health Service and urban Indian agencies.

Of the state's Indians, the 1980 Census reported:

- 44.7 percent live in the seven-county Metropolitan Area
- 41.2 percent live in nine northern counties
- 27.7 percent live on reservations
- 36.6 percent live in Minneapolis, St. Paul or Duluth.

(These figures vary significantly from 1979 estimates of the Minnesota Department of Health, Office of Community Development. Basing their estimates on an Indian population of 40,000, the respective percentages were: 56.6 percent, Metro Area; 34.5 percent, nine northern counties; 40 percent, reservations; 55 percent, Minneapolis, St. Paul, Duluth.)

Indian Families

The median age of Indians increased during the decade between 1970 and 1980, but remained considerably below that of the general population: 20.1 years compared to 29.2. The lower median age for Indians reflects a high birth rate and lower life expectancy.

Children under 18 were present in 74.4 percent of Indian families, compared with 54.4 percent of families in the general population.

The 1980 Census figures showed increases in the number of female-headed households in Minnesota: 35.8 percent for Indians, 10 percent for the general population.

Education

More Indians 25 and older have completed high school in recent years: 54.6 percent vs. 73 percent for the general population. This census figure would seem to reflect increased attainment of GED (equivalency) diplomas by Indians. State education department figures in 1980 showed that only 40 percent of Indian students completed high school, compared with a 90 percent rate for all Minnesota teenagers.

Economic Status

In 1979, 29.9 percent of Indian families had incomes below the poverty level (\$9,287 for a family of four), compared with 9.5 percent of the general population. This is a slight improvement in Indian status; in 1970, 35 percent were below the poverty level. In 1979, median income for Indian families was 44 percent less than the state median income.

Unemployment continued to be a chronic problem for Indians. Census figures for 1980 showed that 43 percent of Indians of working age were not in the labor force (about 10 percent higher than the general population); of those in the labor force, slightly more than 20 percent were unemployed. (These figures pre-date both federal cuts in Indian CETA and other job programs and the increases in the general rate of unemployment in Minnesota, and are now of dubious value.)

Housing

The 1980 Census shows that Indian housing continues to be of lower quality than housing for the general population:

The majority of Indians are renters. About 7 percent of housing units occupied by Indians lacked plumbing facilities; 15 percent of Indian housing units are considered overcrowded.

Indian families are more likely to live in mobile homes or multiple-unit

housing than are other Minnesota families.

The median value of Indian-owned homes was \$33,200 vs. a \$53,100 median value for all Minnesota owner-occupied homes. More than 55 percent of those Indian families who rented had monthly rents of less than \$200.

EDUCATION

Since 1979, the state has provided basic support to five school districts that have significant numbers of Indian students: Red Lake, Nett Lake, Grand Portage, White Earth, and Pine Point. That aid amounted to \$398,000 in FY '80 and \$376,000 in FY '81. It was cut by 62% for FY '82 to \$150,000. The decrease has contributed to or caused the closing of one school at White Earth, and a second one may have to close, according to the Indian Education section of the State Department of Education.

(The Indian schools' programs were diminished further by a 35 percent cut in federal Johnson O'Malley funds to the reservations' education programs. The allocation for White Earth School, for example, was cut from \$40,000 to \$25,000 in FY '82.)

The state's second major Indian elementary and secondary education program -- the American Indian Language and Culture Program, in 12 schools -- also lost financial support. Its appropriation was cut by 12.5 percent, from \$600,000 to \$525,000 in FY '82.

Cuts in a number of federal programs since mid-1981 will cause further cutbacks in Indian education programs. These include:

1. Impact Aid - assistance to public school districts that enroll significant numbers of children from Indian reservations -- land that is not subject to local taxation. The FY '83 budget has cut impact aid by about 15 percent. In some poorer school districts, impact aid (which is

not earmarked for Indian education) makes up a significant part of the operating budget. With general state school aids also cut, these school districts may face drastic program reductions.

2. Title IV - the only federal Indian education money that goes to public school districts. The program has been cut by about 10 percent. Title IV programs in 57 Minnesota school districts in 1980-81 were funded at \$1.6 million. Individual school programs were designed to involve Indian parents with the program, to provide special counseling to Indian students to encourage school attendance, and to provide compensatory education when necessary. Loss of Title IV money will mean loss of jobs for many Indians who worked as aides in the program. Title IV money also funded adult education programs for Indians to get GED certificates or learn basic skills. In 1980-81, for instance, Minneapolis American Indian Center "graduated" 87 adult Indians from its GED program; 85 percent planned to go on to further education. GEDs were completed by 192 adults at White Earth Reservation; the adult education program provided basic skills training to another 200.

Cuts in other state and federal funds further reduced educational opportunities for Indian children. Title I, for example, provides compensatory classes for children in low-income-area urban schools. State aid reductions in 1982 caused urban schools to eliminate most summer school programs. Loss of federal subsidies for the school lunch program and other nutrition programs also has caused hardship for low-income Indian families with children.

State and federal cuts in grant, loan and scholarship programs for Indians and the general population have made it more difficult for Indians to seek post-secondary education and training. Particularly threatened are such

programs as the continuing education classes offered by Moorhead State University on the White Earth reservation. Sixty Indian adults were enrolled during the 1981-82 school year. Cuts in federal scholarship funds, in WIN and CETA programs, have jeopardized educational programs for reservation Indians.

EMPLOYMENT AND TRAINING

Most damaging of all budget cuts for reservation Indians was elimination in 1981 of public service employment under the Comprehensive Employment and Training Act (CETA). CETA-funded trainees played a major role in organizing and staffing reservation service programs. When CETA was eliminated, whole programs also were eliminated -- day care for working mothers on one reservation, ambulance service on another, youth outreach and advocacy, conservation and law enforcement officers, and so on. CETA in-school, drop-out, and summer youth programs also were eliminated.

Other federally-funded job training programs also were cut, such as Indian Action Team, which offered apprentice training in carpentry, road maintenance, resource management, and other skilled trades.

Leech Lake reservation, for example, lost 118 CETA jobs and its unemployment rate -- one of the lowest -- rose to 40 percent. White Earth lost 257 jobs; its unemployment rate is 85 percent -- the highest of all reservations in the state.

(The loss of CETA jobs brought a new wave of reservation Indians to the Metropolitan Area to seek work. Minneapolis American Indian Center reported 87 requests for emergency housing and employment assistance during the month of August, 1981. Little Earth Indian housing project in Minneapolis had a

waiting list of 100 families.)

The Reagan administration has proposed "a small program administered from Washington" in FY '83 for "groups that have particular difficulties finding and retaining jobs," including Indians. No details have been announced.

ECONOMIC DEVELOPMENT

Only during the past decade had public funds been made available for economic development of Minnesota's Indian reservations. Major assistance came from the Economic Development Administration (EDA), established in the late 1960s specifically to work in underdeveloped areas with high rates of unemployment. That agency, which had funded more than \$12 million in projects in Minnesota reservations, has all but been eliminated by the Reagan administration. This has meant losing not only development grants, but also annual support for technical assistance and economic planning on the reservations.

Some funds are available through the federal Community Development Block Grant (CDBG) program and Minnesota's Indian Business Loan Program. Several reservations have used these funds, along with foundation grants, to establish new business enterprises:

-- White Earth has a small garment factory employing about 20 residents. Plans are underway for a knitting factory. Another new small business is a freeze-dried bait business.

-- Lower Sioux Community, with technical assistance from the Minnesota Project, is developing a small, seasonal pottery business into a year-'round venture.

-- Nett Lake, with a CDBG grant, is building a processing plant for wild rice. Previously, because residents lacked such a plant, they sold unprocessed rice to a non-Indian-owned rice cooperative. Marketing and technical assistance is being provided by the Minnesota Project, with some foundation support.

-- Shakopee Mdewakanton Sioux Community established a bingo business several months ago. Profits will be used to support other tribal ventures.

The Reagan administration has proposed a \$10 million enterprise zone fund to aid business development on Indian reservations. "Enterprise grants" would pay up to 25 percent of development costs, with leveraging funds required from non-federal sources. Tribes would be encouraged to issue tax-free bonds to raise capital from private investors. (Minnesota's Indian Business Loan Program also will provide up to 25 percent of development cost for new businesses.)

Further development funds would become available if Congress approves a change in Small Business Administration legislation; the proposed change would enable tribally-owned businesses to qualify for minority set-aside funds.

HOUSING

In 1980, the Minnesota Chippewa tribe projected a need for 900 additional housing units on its six reservations.

The federal government's role as major provider of reservation Indian housing, through the Department of Housing and Urban Development (HUD), was ended with the FY '82 budget. No new funds were made available for Indian housing, but several hundred units "in the pipeline" will be completed. About 200 units had been contracted for Minnesota reservations, including

apartments for the elderly and low-income rental units now under construction at White Earth and Leech Lake.

About 600 housing units have been built or renovated on the reservations since the state's American Indian Housing Program was set up in 1976. Appropriations for reservation and (added in 1979) Urban Indian housing programs have totalled about \$18 million.

Despite HUD's provision of an estimated 650-700 housing units, and the continuing state effort, adequate and affordable housing continues to be scarce for Minnesota Indians, both on and off the reservations. The 1980 Census figures noted earlier indicated overcrowding and lack of sanitation as major housing problems.

Urban Indian leaders are particularly concerned at this time with health effects of overcrowding as jobless, homeless Indian families "double up" in the already-overcrowded homes of their friends and relatives.

Housing construction on the reservations has been a major source of jobs for Indian residents. Elimination of HUD's Indian housing program thus has added to the reservation unemployment rate.

HEALTH AND WELFARE

Health care for reservation Indians is provided by the Indian Health Service, part of the U.S. Public Health Service. In Minnesota, there are IHS hospitals at Red Lake and Cass Lake, clinics on several other reservations, and paraprofessional Community Health Representatives on the smallest reservations. Services to Indians who live "on or near" reservations also are available through IHS contracts with non-Indian health agencies.

Cuts in IHS programs already have resulted in a lowered standard of

health care for some Indians. By mid-1981, IHS contract care was on a priority or "emergency only" status in some locations. Some reservations had depended on CETA employees to provide ambulance services. When CETA jobs were eliminated, private ambulance services had to be utilized at much greater cost to IHS contract care funds.

New regulations would limit IHS services to tribally-enrolled Indians. Non-Indians married to Indians would be ineligible for services. Children in those families would qualify only if they were tribally enrolled.

Despite recommendations by the Reagan administration for its elimination, the Urban Indian Health Program has been continued for FY '83. That program (established in 1973 in the Indian Health Care Improvement Act) includes the Minneapolis Indian Health Board that serves nearly 14,000 urban Indians.

While health care funds have not been cut significantly, Minnesota Indian families are being affected in many other ways by government budget cuts, both in programs specifically for Indians and in those for the general population.

Alcoholism continues to be a major health problem for Minnesota Indians. A major study of Indian alcoholism in St. Paul in 1981 (published by the Center for Urban and Regional Affairs) noted lack of comprehensive programs and coordinated services, most of which would require far greater resources for prevention, treatment, and after care than are now available. Federal funding for Indian alcohol treatment programs has remained constant since 1981 at \$400,000 per year. The state's Indian alcohol program was cut from \$1.5 million in 1981 to \$1.296 million in 1982. (An Indian chemical dependency expert placed the cost of a "need budget" at about \$5 million for the biennium.)

Reductions in fuel assistance (while costs escalate), in housing subsidies, in food stamps and nutrition programs, in Aid to Families with

Dependent Children have made life more difficult for both urban and reservation Indians. Eligibility criteria have been tightened for other programs, such as the state's General Assistance Program; "employables" are expected to find work even if there are no jobs. The effects of those budget cuts were, perhaps, most closely noted by urban Indian service agencies.

Federal "capping" of the WIC (Women, Infants, Children) nutrition program has meant waiting lists for the program at urban inner-city clinics, and Indian women compete with Asian refugees and other low-income women for the nutritional supplement program. An Indian Health Board employee reported WIC clients with several children typically exhausted food stamps during the first half of the month and depended on WIC coupons for the remainder of the month.

The Division of Indian Work, an agency supported by the Greater Minneapolis Council of Churches to provide emergency relief for Indians, reported its caseload doubled in 1981, and was expected to double again in 1982. By the end of 1981, the agency had served 12,000 Indians on an emergency basis; referrals are made for longer-term needs. Food shelves were often empty, donated clothing was much in demand, and the Division several times had to appeal for more financial assistance from churches and other groups.

"Situational depression and anxiety" also increased the caseload for the Family Health Program, an inner-city Minneapolis agency funded by Hennepin County's Mental Health Division. The clinic serves a racially mixed neighborhood; about half of its caseload is Indian. More than half have household income below \$8,000 a year. Unemployment and housing problems were cited as major causes of anxiety, leading to family stress, alcohol and drug abuse, suicide attempts. A Family Health worker noted that the number of Indian children in foster placement in Hennepin County had increased in 1981, to a

disproportionate 14 percent of the foster care caseload. (Indians are less than 1 percent of the county's population.)

It should be noted, perhaps, that despite the profound impact of federal and state budget cuts on the Indian population, there has also been social progress for those on the six Chippewa Tribe reservations during the past two years. Tribal efforts at implementing the federal Indian Child Welfare Act (1978), in cooperation with the county social service agencies responsible for the reservations, caused a decrease in Indian foster placements in 1981. The emphasis on in-home services to Indian families has resulted in substantial savings for the counties, and thus, also, the state. The Department of Public Welfare -- with federal incentive funds granted to the state because of lowered foster care costs -- in 1982 granted \$50,000 directly to the six reservations for child and family services. An additional \$120,000 has been made available in 1983 to the 14 counties that serve the reservations to contract for services by tribal workers. The contracts will emphasize in-home family counseling to prevent foster placement and will, incidentally, provide further job opportunities for several dozen reservation residents.