APPENDIX 5

Confederated Tribes of the
Umatilla Indian Reservation
I. Introduction

The Cayuse, Umatilla, and Walla Walla Tribes were brought together under the Treaty of 1855 and now operate their government on the Umatilla Indian Reservation located in northeastern Oregon. The Confederated Tribes of the Umatilla Indian Reservation (CTUIR) have a tribal enrollment of approximately 42,500 people. Over the past 40 years, the tribes have worked to regain control of their assets and now serve as a role model for other tribal governments.

II. History of Asset Stripping

The CTUIR have a history that is unique, but at the same time, shares many commonalities with other tribes across North America. The CTUIR, like many tribes, faced a series of struggles with the United States government that resulted in a significant loss of tribal assets over a 200 year period. Only in the last 40 years have the tribes been able to rebuild their leadership and technical expertise and act proactively to control, utilize, leverage, retain, and even increase and create their assets.

Loss of land and other resources

Faced by increasing demand for land from westward settlers, the tribes of the CTUIR (the Walla Walla, Cayuse, and Umatilla tribes) signed a treaty in June 1855 which ceded more than 6.4 million acres of traditional territory in what is now northeastern Oregon and southeastern Washington. A 510,000 acre parcel of land was set aside for the tribes as the Umatilla Indian Reservation. The tribes did retain hunting and fishing rights along their traditional territories on the Colombia River, but had to continually fight in the court systems to successfully execute their rights. Congressional legislation later allowed for the land on the Umatilla Indian Reservation to be divided up and granted to individual owners (or allotted), and many of these owners were forced to sell their land to non-tribal members due to economic hardship. Before the tribes began buying back some of their land on their reservation in the 1990s, it had been reduced to only 172,000 acres. More devastating is the fact that the land on the reservation is now severely “checkerboarded” or divided among individual tribal trust and fee-simple land. To this day, this presents a challenge to tribal jurisdiction and makes economic development and housing plans difficult.

Loss of traditional economy and governance practices

Accompanying the loss of land was the destruction of traditional economies, cultural practices, and leadership structures. Through missionary work, boarding schools, and other techniques, efforts were made to eliminate traditional languages, social systems, and cultural practices. Through effective resistance, a tribal leadership group worked to rebuild their traditional governance structures within the constraints of BIA requirements and introduced a constitutional government, after a series of consultations with tribal membership, in 1947. The constitution was adopted by the people in 1949 and acknowledged by the federal government in 1954.

III. Attempts to Regain Control of Assets

The leadership of the CTUIR recognized early on that they needed to develop the skills and mechanisms to manage their own affairs, after experiencing significant mismanagement of their land, natural resources,
and social service programs by the BIA. This was not an easy process, and the tribal leadership went through many phases of leadership development and skill building, which are outlined below.

**Early Lessons Learned**

The citizens of CTUIR, and their leadership, were presented with a difficult choice in the 1950s and 1960s. Two large financial settlements, one in the 1950s associated with loss of fishing grounds to the dams on the Columbia River and one in the 1960s as a payment for the part of the lands ceded in the treaty, provided significant resources which might have been used for tribal development. Efforts to use the settlement funds in the late 60’s to jump start tribal government plans were thwarted when the leadership supporting that idea was recalled and replaced with others intent on distributing the settlement in the form of per capita. The bulk of settlement funds were distributed in the form of per capita in 1970, and the opportunity to use the funds for reservation development was lost as tribal coffers were drained. For a variety of reasons, CTUIR membership chose to use the money for individual purposes, rather than to invest in building the capacity, and thus the sovereignty, of the tribal government. In many cases, the money from these per capita payments was then spent off the reservation, and in no way helped develop or grow economic development in the local community. There were many tribal members who were concerned with the outcome of the settlement program, and vowed to try a different approach next time:

> When I came back to the Umatilla Indian Reservation in 1968, there was a big controversy over how $2.5 million in land claims settlement money should be used. There were two factions: the “progressives and the traditionalists.” The progressive faction was for full per capita payment of the funds and the traditionalists were for investing in economic development. As it turned out, the land claims settlement monies were distributed to the tribal members in the form of per capita payments and no funds were allocated for economic development. I mention this historic incident because when I came home I needed a job and a place to live, there were neither. I found work off the reservation with Georgia Pacific, at Pilot Rock, Oregon, and the Pendleton Grain Growers. Also there was no Indian housing available on the reservation so I rented an apartment for my family at the Memory Lane Motel.  
> Antone Minthorn, General Council Chairman, 1994

**The Indian Self Determination and Education Assistance Act of 1975**

The opportunity and resources to invest in building leadership skills and self-governance capacity did not occur until the 1970s, when the tribe received an infusion of resources in the form of a federal grant. The tribes used this grant to develop a comprehensive plan, which was their first roadmap to effective self-governance as defined by the BIA. This and other opportunities were made possible by the passage of the Indian Self Determination and Education Assistance Act of 1975. Title I of this legislation, the Indian Self-Determination Act, included procedures to help tribes build capacity to direct their own affairs. Specifically, it included provisions by which tribes could negotiate contracts with the Bureau of Indian Affairs to administer their own education and social service programs, as well as providing planning grants to help tribes develop plans to assume responsibility for federal programs. This early phase was an important era of growth for the leadership of CTUIR. To quote the CTUIR Asset Watch Grant Report:

> The next phase, a capacity building phase, not unlike that for most tribes, began with the Indian Self-Determination policy in 1970, and the resources that soon followed to enable the Tribes to
plan and develop governmental capacity. The next two decades saw the Tribes develop many plans and capacities across broad areas of responsibility, and take over a great deal of the operations formerly handled by the federal government. While this phase was hampered by the lack of tribal funds, the use of which would have been far more flexible than the federal grant and contract funds, substantial governing and management capacity was developed.

New Revenue Streams from Gaming and Other Enterprises

While the tribal government at CTUIR was successful at building financial and leadership capacity to manage large federal grants, as well as their own social and economic programs, they remained challenged by limited revenue streams. As many traditional revenue streams had been removed or limited, the tribe looked to the creation of other enterprises that could provide the resources the tribal government needed to better serve its citizens. In the 1980s, President Reagan's administration was promoting gaming as a way for tribes to infuse new money into their budgets. The CTUIR consulted with their membership and made the decision to open a 75 slot gaming facility in 1994. This enterprise has since grown into a large casino facility with Class III gaming and an accompanying resort. The new revenue streams associated with this enterprise empowered the tribes to continue to build their capacity to manage their affairs in a sustainable way. To quote the CTUIR Asset Watch Grant Report:

Finally, in the 1990s, the Tribes moved into its next phase with the creation of its gaming enterprise, and were now able to address asset building. Within a matter of a few years, the BOT adopted a plan to allocate new revenues between many competing priorities, including long term savings, land acquisition, economic development and governmental services. It took important steps to update its Comprehensive Plan, adopt a land acquisition strategy, adopt new fiscal management policies and standards, a strategic health plan, a tribal taxation code, and numerous other important plans.

The tribes have also established several other enterprises, many of which provide significant additional revenue streams for the CTUIR. The tribes own the Arrowhead Truckstop and fueling station near the Interstate, a farming enterprise, and other tribal enterprises.

Effective Tribal Government Programs

The tribe has continued to expand its managerial capacity and has developed several programs and policies that allow it to exercise its sovereignty and guide control of tribal assets including financial assets, natural resources, institutional assets, and human and cultural assets:

- Natural Resource Management: The CTUIR developed a Department of Natural Resources to manage reservation land and natural resources and brought back the historic cultural values that seek health and balance in all matters relating to them. The Board of Trustees of CTUIR also has a Natural Resources Commission, a Water Committee, a Fish and Wildlife Commission, and a Cultural Resources Commission. The CTUIR is a member and founder of the Columbia River Intertribal Fish Commission.
• Health Services: The tribe assumed full management of all Indian health Service programs in 1995.
• Economic and Labor Force Development: The tribe supports higher education and vocational training through scholarship programs, and enacted a Tribal Employment Rights Code (TERO).
• Tribal Taxation Code: The tribe adopted a Tribal Taxation Code in 1996. This code allows the tribe to tax railroads, electrical transmission lines, pipe lines, telephone, cable, and other utilities that cross the reservation, and adds to the revenue stream for the tribal government.
• Education: The tribe started a charter school for high school students in 2004.
• Tamastslikt Cultural Institute: This institute works to promote cultural preservation and supports historical and cultural education, language programs, Native American arts, and preservation of artifacts.
• Umatilla Community Foundation: This program is building an endowment for a 501(c)(3) “grant making” foundation that will invest in community level economic development and cultural preservation programs.

Effective Financial Management of Tribal Affairs

A thread that runs throughout the story of successful CTUIR self governance is that of effective financial management of tribal affairs. This effective management has allowed the tribe to practice accountability while promoting income and asset diversification, wealth building, and wealth preservation. It has also allowed the tribe to depoliticize the resource utilization process and promote financial stability for the tribe. All of these actions have helped the tribe exercise its legal sovereign rights, but also exercise economic sovereignty and move away from dependency on federal programs and grants.

Income (Asset) Diversification, Wealth Building and Preservation

When the tribes relied on federal and other grants, it relied, nearly in full, on annual federal appropriations. This was an “income utilization-based” system. It did not permit long-term planning or asset building, and did not promote fiscal stability. The Tribes were dependent on the annual federal appropriations process, which was frequently inconsistent, late and disruptive.

The CTUIR leadership has since changed their approach, and has adopted the following practices:

• Retro-budgeting - To ensure effective planning and conservative use of revenues, the Board of Trustees of the tribes adopted a policy to accumulate gaming revenues in the year they were earned and to then budget them in the succeeding year(s). Referred to as “retro-budgeting,” this practice was later extended to another new source of revenue - tax receipts. Most recently, the Board of Trustees extended it to all tribal revenue sources that would lend themselves to the practice.
• Making annual commitments to new business – The tribes have committed to diversifying their revenue streams by supporting new business development (in addition to supporting existing tribal businesses).
• Making annual commitments to long term savings, land acquisition, and reserves – The tribes have committed funds to land acquisition, long-term savings funds (mentioned in more detail below), and cash reserves.
By adopting this approach, they have shifted their focus to diversifying the tribes’ revenue base, building wealth and preserving it. While each year’s budget relies on ongoing revenue streams, the commitment to asset building assures the growth of existing and new tribal revenue sources for the long-term future. The careful financial planning has allowed the tribe to build up the following financial assets:

- **Education Trust Fund**: To assure the availability of resources to assist members with higher and vocational education costs, supporting the CTUIR goal to promote member education.
- **Burial Trust**: To provide an assured source of revenue to make burial benefits available upon the death of a tribal member, thereby assuring financial support for bereaved families.
- **Elder Pension Fund**: To assure a permanent source of revenue to finance elder benefit payments.
- **Self-Sufficiency Fund**: To provide a permanent source of revenue to help finance essential governmental services in the future.
- **Capital Reserve**: To provide a permanent source of revenue to support major repairs and improvements to community facilities and infrastructure in the future.
- **Permanent Health Care Fund**: To provide a permanent source of revenue to support health care services.

**Financial Stability and De-Politicizing the Resource Utilization Process**

The CTUIR leadership recognized early that there would never be enough resources to address all needs and desires expressed by the tribal members and employees. In early years, the competition, even for federal funds, could become political. Tribal programs often depended on the annual appropriation for their very survival through the annual budget process. For some tribes, demands for immediate “cyclical” needs use up all available annual revenues, leaving little or no resources for building wealth. Efforts to reduce or eliminate a program can become very political, and even splinter leadership. Often, as grant programs ended, leadership felt immediately compelled to continue the program using tribal resources to keep members employed, even if such programs would not have been a priority but for the grant.

The CTUIR leadership, through the budgeting policies, created a “base budget” for all operations, and directed the creation of annual “budget targets,” based on available revenue and current operations. This eliminated the need for programs and departments to address their very survival when the CTUIR was considering budgets. This allowed the CTUIR and Management to focus on long-term program design and strategies beyond the annual budget process. Today, these policies allow the CTUIR to focus maximum attention on any new services or costs that are not associated with just continuing existing services and activities, and consider their long term cyclical costs. The CTUIR can weigh the ability to maintain new services or expectations, considering the long term funding requirements of such services. By making policy commitments to economic development, land and long-term savings, the BOT effectively takes those resources off the table when it is considering annual allocations for ongoing operations. Retro budgeting puts limits on appropriations and keeps those limits in line with real, already realized earnings. Financial planning policies insist that any new revenue source has a plan that includes considerations of long-term wealth building and provide for limits on “cyclical” commitments. Finally, the expectation of ten-year financial and budget forecasts, along with regular financial plan updates, assures that the CTUIR can view overall plans and finances with more complete information and understand the long-term impact of decisions.
Transparency and Accountability

Consistent with historic tribal values, the CTUIR views its accountability to past, present and future generations similarly. Restoring the natural balance, the peoples’ health and well being and the tribes’ wealth are at the center of the ongoing responsibility. Finances and fiscal practices are viewed as the modern tools for the task. The fiscal policies and reporting processes provide for maximum accountability to the leadership of the CTUIR, the membership and outside parties. For example, the policies specify the accountability of the Treasurer for oversight of all fiscal functions for tribal government and business entities, and also provide for a formal recommending role with respect to fiscal policies and plan. The Treasurer has direct reporting responsibility to the CTUIR Board of Trustees and General Council, and generally makes a quarterly report, in person, to the General Council. The policies also establish standards of accountability to outside funding sources and for timely and complete financial statements and audits. Ultimately, the tribes’ leadership has recognized its fiduciary relationship to all of the tribes’ resources and has addressed its policies through the controls, processes, audit requirements and other monitoring measures for achieving and maintaining accountability to members and others.

Summary

The CTUIR has adopted modern systems and best practices for administering the Tribes’ financial and other assets. The processes can be complex, and many do not understand the details of all of the disciplines. Trained professionals are needed to address much of the work. The BOT has brought to these processes historic cultural values and practices that in their simplest sense amount to the ongoing cycle of gathering, preserving (and growing) and utilizing resources, and in a manner that provides for accountability to past, present and future generations. Recognizing the need to address current and future needs, many resources are invested in a broad array of services and activities to achieve tribal goals. Where needs are identified and goals established, the Board of Trustees has created institutions to address them, and invested tribal resources to see them come about.

IV. Contemporary Significance

The actions of the CTUIR over the past 40 years represent promising practices that other tribes may wish to learn from. The CTUIR tribal leadership has continually updated their approach to financial management and have increased their economic and political sovereignty by successfully and effectively managing their financial affairs. But even beyond this, they have exercised their financial sovereignty by weaning themselves from federal funding and becoming economically self sufficient. In addition, they have used their financial resources and planning to promote several goals that are key to exercising their sovereignty and supporting their tribal citizens:

- Taking control of their own social and economic programs such as education, health care, natural resources management, economic development, and financial management, so that these programs can be managed according to the goals and the values of the tribes.
- Investing and preserving financial assets for long term financial stability with an understanding that the profitability of gaming may subside.
- Using tribal funds for land acquisition to purchase reservation land and convert it to trust.
V. Conclusion

The CTUIR and their membership have experienced many challenges and hardships over the past 200 years. By being proactive, following their vision, and developing their technical expertise, the CTUIR leadership has been able to move the tribes from an era of poverty and underdevelopment to an era of fiscal solvency and growth. But the process was long and there were many missteps along the way. The leadership of the CTUIR worked hard to build leadership capacity to direct the economic future of their community in ways that were consistent with their cultural values and hopes for the future. Their work, and the long process they followed to develop the skills to exercise their economic sovereignty, can serve as an example for other tribes working to transform their futures.