

BOX 1:

- Partial Birth folder
- Veto Statistics
- Product Liability memo/information
- Lloyd Cutler & Cheryl Mills for POTUS on clemency
- Memo for John Podesta on National Communications Systems Directive 4-3.
- POTUS Trip to Dallas, Sacramento & L.A. April 7,8 & 9
- POTUS Trip to Colorado Springs & Billings Montana May 31 through June 1, 1995
- Billings, Montana Town Hall Meeting June 1, 1995 - Background information
- Clips on Whitewater 2/27/94 to 3/10/94
- Audio tape "Leading Journalists Discuss the 1995 State of the Union"

MEMORANDUM TO RECORDS MANAGEMENT
FROM *Todd* STAFF SECRETARY
 TODD STERN
RE FILES FOR ARCHIVES
DATE 2 JULY 1998

The following files are located in the two boxes that I am turning over to you for the archives. Each box contains a separate index.

BOX 1:

ENCLOSURES FILED OVERSIZE ATTACHMENTS

11848

2 boxes filed 7/15/98

NANA 9229

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BOX 2:

ENCLOSURES FILED OVERSIZE ATTACHMENTS

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NANA 9230

- Letters from clergy on HR 1833
- Memo to Leon Panetta: H.R. 1833 Veto Message
- National Children's Island letters

- Calendar of Events Public Liaison 2/93 to 8/96
- Themes for the State of the Union 1/3/96
- University of Maryland at College Park: Assessing the Conditions of American Democracy
- State of the Union Outreach 12/22/95
- State of the Union Ideas & Suggestions
- Cabinet Secretary themes for State of the Union
- Veto Statistics
- Interview Notes Binder 9/18/95

BACKGROUND MATERIAL

TOWN HALL MEETING

Billings, Montana

June 1, 1995

BACKGROUND MATERIAL: INDEX

	Page
<u>Goals 2000</u>	
Q & A	1
Background	2
Key Facts about Montana's Educational System	2
Montana's Legislature and Education	3
Montana's Forced Legislative Withdrawal from Goals 2000	4
The Politics of Education Reform in Montana	5
Misconceptions About Goals 2000	7
Goals 2000: Supporting State and Local Education Reform	12
Administration Position	17
<u>Public Land Livestock Grazing</u>	
Q & A	18
Background	22
Chronology of Events	23
Range Permit Issuance	25
Controversy over Fees	26
Recently Introduced Legislation	27
Administration Position	29
<u>Anti Government Activists/The Montana Militia</u>	
Background	31

Natural Resources and the Environment

National Parks	33
Bull Trout	34
Spearmint Oil Marketing Order	35
USDA Proposed Office Closing in Montana	36
Bison and Brucellosis in Yellowstone National Park	37
Beartooth Oil and Gas Leasing	38
Canadian Grain Imports	39
Wolf Reintroduction	40
Timber Supply	41
Forest Health/Timber Salvage	42
Endangered Species Act	43
Takings Legislation	45
New World Mine	46
Claims Against USDA for Lost Protein Premiums	47
Salmon	48
Missouri River Master Water Control Manual	49
Billings Air Quality	50
Clark Fork River (Anaconda SUPERFUND Site)	51
Ash Grove Cement Company	52
Water Quality and Infrastructure Funding	53

	Page
<u>Social Programs</u>	
Welfare Reform	54
Mental Health Demonstration Proposal	55
Social Security	56
<u>Education/Labor</u>	
School-to-Work	57
<u>Technology and Development</u>	
Technology and Competitiveness	58
Economic Development Grants	59
Technology and Information Infrastructure Grants	59
Essential Air Service	60
<u>Native Americans</u>	
Native Americans - General Background	61
VA & BIA Offer of Direct VA Loans to Native American Veterans	63
Confederated Salish-Kootenai Tribes Treatment as State Decision	64
Small Business Administration (SBA) Native American Outreach	65
Native American Health	66
<u>Small Business</u>	
Small Business Activity	67
White House Conference on Small Business (WHCSB)	68
Montana's Economy Ranked in Top Five	69

<u>Base Closure/Policing</u>	Page
Malstrom Air Force Base	70
Police Grants	71
Violence Against Women Grants	71
Brady Bill	71

ISSUE: Goals 2000

Q & A

Q. Mr. President, do you have any comments regarding the decision of the Montana legislature to officially opt out of Goals 2000?

A. Montana has a strong tradition of excellence in education and strong support for public education. Goals 2000 provided another opportunity for this tradition to be continued and expanded upon. Governor Racicot and Superintendent Keenan, in conjunction with local education agencies, have begun working on a comprehensive reform strategy that will enable all children to meet high standards. Continued participation in Goals 2000 would allow those reform measures to proceed.

It is hard to understand that a program with virtually no strings attached, like Goals 2000, would not be welcomed in a state where education is obviously a priority. I want to make it very clear to Governor Racicot, Superintendent Keenan, parents, teachers, administrators, and school boards that, while we accept the decision of the legislature, we remain committed to education reform and Goals 2000 and would be happy to work with you in any way that would be helpful.

ISSUE: Goals 2000

Background

- On April 20, 1995, Montana became the first state to officially opt out of Goals 2000 when the legislature enacted a budget bill that prohibits the Montana Office of Public Instruction from spending Goals 2000 funds after July 1, 1995.
- On November 10, 1994 Montana received \$449,712 in Goals 2000 first-year funding of which \$224,827 was distributed before the legislature passed this bill. The grant would have funded the Montana Plan: Making Good Schools Better.
- Both Governor Marc Racicot and Superintendent Nancy Keenan supported Goals 2000, but were unable to convince the legislature which acted under pressure from organized opposition on the far right (some of whom are in the legislature). Governor Racicot signed the bill into law recently; a veto would have required a special legislative session since the legislature has adjourned and this bill is part of the state budget. In a statement, Superintendent Keenan said that the rejection of Goals 2000 money "is one of many alarming and extreme measures which surfaced in this session of the Montana legislature [and] part of an extremist-right movement that seeks to make Montana its home."

Key Facts About Montana's Educational System

- Elementary and secondary education in Montana is governed by an elected State Superintendent of Public Instruction (Nancy Keenan-Dem.) and a State Board of Education appointed by the Governor.
- Montana is a rural state, with a large number of very small school districts and schools.
- Seventy percent of the students attend schools located in rural communities (population fewer than 2,500) or small towns (population 2,500 to 25,000).
- There are 495 local school districts, and in recent years a number of districts have been consolidated, closed, or annexed into larger neighboring districts. Still, many of the remaining districts are quite small. One hundred and twenty four schools have fewer than 40 students, and there are eighty-nine one-teacher elementary schools).
- Montana has:
 - ▶ 896 schools
 - ▶ 9,950 teachers
 - ▶ 156 Superintendents
 - ▶ 472 principals

- Montana's school enrollment is predominately white (87.7% White; 9.6% Native American).
- Montana has experienced significant enrollment growth, mainly as a result of migration from other states. This year, 164,218 students are enrolled, up 9% since 1989-90.
- Montana ranks well compared to other states on measure of academic performance:
 - ▶ 7th in nation on 1994 NAEP 4th grade reading
 - ▶ 8th lowest dropout rate (7.1% of 16-19 year olds not enrolled in school and without h.s. diploma, compared with 11.2 nationwide, according to 1990 census.)
 - ▶ 1994 SAT scores--459 Verbal (national average 424)
523 Math (national average 479)
 - ▶ 1994 ACT scores--21.8 (national average 20.8)
- Montana ranks much lower on traditional input measures: 31st in per pupil expenditures (\$4,778 in 1993-94, compared with national average of \$5,314). Per pupil expenditures have declined in each of the past 3 years.

Montana's Legislature and Education

Republicans control both houses of the Montana legislature, and in November's election, a significant number of Republican's affiliated with the "religious right" were elected, sometimes in areas previously represented by Democrats. In this past session of the legislature, public education was subjected to several attacks:

- The budget of the state education agency was cut by \$1 million, or approximately 1/3. For a state with a large number of small, isolated rural districts, this means a significant reduction in help to local districts on curriculum, professional development and other aspects of teaching and learning.
- Legislation was introduced (but not passed) in the House that would have done away with compulsory attendance laws. To the best of our knowledge, no state has yet eliminated the requirement that school-age children attend school.
- Legislation was introduced (but not passed) in the House that would have eliminated the requirement that local education agencies meet state accreditation standards.

- Education funding fared reasonably well--the Governor sought and received a \$30 million increase to cover enrollment increases. However, funding has not kept pace with inflation, and the \$30 million increase in this session followed a cut in funding by \$50 million by the previous legislature two years ago. Funding for special education did not fare as well; the legislature significantly reduced the Governor's budget request in this area.
- A proposal by Gov. Racicot and Sup. Keenan, to set aside \$5 million for a technology initiative which would provide grants to local school districts to spend on technology initiatives consistent with a state technology plan being developed with Goals 2000 funds, was defeated.
- Montana received a planning grant under the School-to-Work Opportunities Act. However, the legislature has prohibited the state from moving forward on its own school-to-work initiative, because of the belief that it is tied to Goals 2000.

Montana's Legislative Forced Withdrawal from Goals 2000

Montana received its first year of Goals 2000 funds (\$449,712) in Nov. 1994. In the biennial budget enacted this Spring, the legislature prohibited the Montana Department of Education from spending any Goals 2000 funds for the biennium **starting July 1, 1995**. Since Goals 2000 funds for states can be awarded only to the state education agency, this effectively precludes the state from participating in Goals 2000.

This move was strongly opposed by Gov. Marc Racicot (R), who has been a strong supporter of public education and of Montana's participation in Goals 2000.

Current Situation: Gov. Racicot and Superintendent Keenan are exploring how best to continue with the development of the state education reform strategy begun with Goals 2000 support. In addition, Superintendent Keenan explored forming a consortium of interested local education agencies to apply directly to the U.S. Department of Education to receive the 2nd year of Goals 2000 funding for Montana. While this would have been legal under Montana law, it is not under Goals 2000. Further, both Ms. Keenan and Secretary Riley have agreed that a move like this, flying in the face of the clear intent of the legislature, would be inappropriate and have undesirable political consequences at both the federal and state level. However, there are several options we are continuing to explore so that school districts in Montana can benefit from Goals 2000 funds. These include:

- Working with Gov. Racicot, Superintendent Keenan, parents, teachers, administrators, and school boards, and other Goals 2000 supporters, to build support for reversing the legislature's action at an appropriate time--most likely, a special session sometime in the next 12 months. No firm decisions have been made about whether and how to proceed on this yet.

- Encouraging local school districts to apply for a small pot of Goals 2000 funds earmarked for small rural and large urban districts. These funds, awarded competitively directly to local education agencies, do not require state approval, and were intended by Congress to be awarded regardless of state participation in Goals 2000. These funds have been eliminated in the rescission bill, and will be lost if the Goals 2000 National Leadership funds are not maintained in any subsequent negotiations with the Congress in the wake of the President's veto.

(see Attachment A for further information on Goals 2000 in Montana, including a description of how local school districts are using Goals 2000 funds.)

The Politics Of Education Reform In Montana

There is a strong tradition of excellence in education in Montana, and strong support for public education (Celinda Lake's polling shows that no state values public education more than Montana). There appears to be an extremely high level of conflict between public education/education reform supporters, and a coalition of the Christian Coalition, the Eagle Forum and the Montana Militia. Several people I talked to stressed the following:

- The opponents are very well organized, and active in areas in addition to education. To a degree greater than appears to be the case in other states, the far right organizations (Eagle Forum, Christian Coalition, Montana Militia) are working very closely with each other in opposition to a series of education reforms at the local and state level (Goals 2000, Outcome Based Education, local strategic planning, etc.) They share information, coordinate strategies, and provide support on each others' key issues. They also work on other issues together, such as anti-tax and anti-gay measures.
- The proponents of public education are beginning to do the same. Similarly, public education supporters are organizing themselves. There is a strong coalition of public education and human rights supporters at the local and state levels. And, while in other states education reformers often look to find some common ground with the organized opposition, in Montana the strategy is simply to fight hard every step of the way. Nancy Keenan indicated, for example, that she has concluded that there simply is no common ground, that every effort at compromise simply leads to new issues and new demands by the opposition groups, and that the ultimate objective of the opposition groups is to destroy public education.

One additional issue of growing concern in Montana is violence in schools. While there are fewer incidents of violence in Montana than in many other states, there is growing concern about it. This was fueled by a few dramatic and well publicized events, especially when a student was shot and killed on a Butte school playground last year.

Finally, one story illustrates the strong tradition of "good neighbors" in Montana--a strong tradition of coming to the aid of those who need it. A sixth grade class at the Emerson School had raised funds for a class trip. They decided to forgo the trip, so they could send the funds to support the victims of the tragedy in Oklahoma.

Misconceptions About the GOALS 2000: Educate America Act

The passage of the GOALS 2000: Educate America Act in March of 1994, heralded a new role for the federal government in its support for education. No longer would the federal role focus only on narrow categorical programs. Now, it would also promote a comprehensive approach to help all students succeed academically. This new focus on achievement grew out of a bipartisan recognition that too many U.S. students were not achieving at the levels necessary for them to succeed in the modern economy.

As the federal government carries out this new role of flexible support for state and local school improvement efforts, some misconceptions have arisen about GOALS 2000. The following outlines those misconceptions, and addresses the concerns that have been raised.

Concern: GOALS 2000 will lead to a federal government takeover of local education.

Reality: Section 318 of the GOALS 2000: Educate America Act makes it absolutely clear that there are no mandates, and there will be no federal takeover: "Nothing in this Act shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school's curriculum, program of instruction, or allocation of State or local resources or mandate a State or any subdivision thereof to spend any funds or incur any costs not paid for under this Act." Section 319 of the Act again clarifies that Congress "reaffirms that the responsibility for control of education is reserved to the States and local school systems."

The primary goal of the GOALS 2000: Educate America Act is to encourage local community-based actions that meet pressing educational needs, help more students achieve to higher standards, increase parental participation, and improve teaching. GOALS 2000 provides federal support for local and state reforms. The Act provides great flexibility in how states and communities develop and implement their reform plans. One of the key assurances a state must give when applying for GOALS 2000 funds is that the state will seek broad public participation in the GOALS 2000 planning process.

There are specific statements throughout the GOALS 2000 Act that nothing in the Act will reduce, modify, or undercut state and local responsibility for control of education. In addition, participation in GOALS 2000 is completely voluntary.

Concern: Our schools will henceforth be pushed toward a philosophy known as Outcome-Based Education (OBE).

- Reality:** The legislation doesn't promote any particular education philosophy or approach; that is a local decision. GOALS 2000 focuses on upgrading **academic** achievement and preparing students for the world of work. Each state, school district, and school determines what content it wants students to learn, and whether that content should focus strictly on core academic and basic skills or should also include other areas. The federal government will not be involved in those kinds of local decisions.
- Concern:** GOALS 2000 creates the National Education Standards and Improvement Council (NESIC), which will act as a "national school board" and control what is taught in the classroom.
- Reality:** NESIC was initially recommended in 1992 by a bipartisan group, authorized by Congress and appointed by Secretary Lamar Alexander, and cochaired by Governor Carroll Campbell (R-SC) and Governor Roy Romer (D-CO). The council included, among others, Representative Goodling, Senator Hatch, Lynne Cheney, and Chester Finn.
- The purpose of the council was to provide an independent review of the quality of model national and state academic standards being developed by professional organizations in each discipline. These standards would be submitted voluntarily. There was no requirement that a state receive certification as a condition of participating in any federal education program, such as Chapter 1, Drug-Free Schools, vocational education, or GOALS 2000. NESIC also would not review a state's school improvement plan developed under GOALS 2000.
- NESIC was to be comprised of 19 members, including educators, employers, and state and local officials, appointed by the president from nominations made by the National Education Goals Panel (comprised of governors, state legislators, Congress, and the administration), the House and Senate leadership, and the secretary of education.
- Despite the carefully delineated authority provided to NESIC under the GOALS 2000 Act, many people are concerned about any national certification of standards. Upon recommendation by the National Education Goals Panel on January 28, 1995, the secretary of education has asked the president not to appoint NESIC. Discussions regarding other options for helping states develop the highest quality academic standards for children have begun on Capitol Hill and with state officials. Four bills have been introduced in Congress to eliminate NESIC. Congress will be debating these proposals later this year.

Concern: GOALS 2000 requires the use of the national history standards recently released.

Reality: Under GOALS 2000, states and school districts determine their own academic standards that outline what they want their children to learn. If they choose, states and communities can use voluntary national standards developed by professional organizations as models to design their own challenging standards. Several states are adopting parts of the model national standards while others are developing their own standards. National standards are voluntary. No funds are tied to the use of these standards, or of any subset of these standards. No law or regulation requires their use in any way.

Although the release of the history standards has evoked a great deal of controversy, efforts to develop voluntary national standards in other content areas, coordinated by such groups as the National Council of Teachers of Mathematics, the Center for Civic Education, and the National Geographic Society, have been well received. Drafts of these standards have been reviewed by hundreds of teachers and other concerned citizens. The standards represent what teachers and scholars believe students should know in subject areas such as math, geography, civics, and the arts by certain points in their education. The much acclaimed math standards, released in 1989, are being used in classrooms across the nation.

Concern: GOALS 2000 will encourage the proliferation of school-based health clinics, and move schools away from the fundamental duty of education and into the provision of reproductive services.

Reality: The focus of the GOALS 2000: Educate America Act is improving student achievement, greater parental participation, discipline and safety in our schools, better teaching, higher high school graduation rates, and greater rates of adult literacy. GOALS 2000 does not change the fact that decisions regarding school-based health clinics and the distribution of contraceptives remain a state and local responsibility. In addition, section 1018 of the Act requires that states and local communities that choose to use federal funds for health programs develop procedures to encourage family participation in such programs.

Concern: GOALS 2000 is another burdensome federal program with a multitude of rules and regulations.

Reality: GOALS 2000 is a "responsible block grant." It sets broad objectives and goals, but allows the states to determine the means to reach them. The

Department of Education has not, and will not, issue any regulations for GOALS 2000. The Department of Education has designed a streamlined application procedure for states that cuts paperwork considerably. The initial application for states to request GOALS 2000 money is only 4 pages long, asks only for information required by law to award funds, and eliminates numerous forms.

Concern: GOALS 2000 does not promote innovative approaches to school reform.

Reality: GOALS 2000 encourages the creation of new innovative partnerships, and provides historic flexibility and waiver authority. For example, Massachusetts is using its GOALS 2000 funds to support the creation of 14 charter schools.

Concern: GOALS 2000 promotes opportunity-to-learn standards that focus on inputs rather than on standards for student achievement.

Reality: GOALS 2000 reflects an unwavering commitment to results. Developing and implementing challenging standards for what students should know and be able to do in key subject areas, and effectively measuring student performance against these standards, are cornerstones of the bill. States and school districts--not the federal government--will define and monitor these standards. The federal government will not be involved in monitoring individual schools or teachers.

The Act also provides for establishing opportunity-to-learn standards or strategies, which are very carefully defined to reflect the essential areas related directly to teaching and learning: quality and availability of curriculum, instructional materials, and technologies; the capacity of teachers to provide quality instruction in each content area; and the access of teachers and administrators to professional development. The opportunity-to-learn standards or strategies are intended to serve as a guide, and their implementation is voluntary.

Concern: The GOALS 2000 Act is the result of the liberal education establishment's wish list.

Reality: GOALS 2000 passed the Congress with strong bipartisan support, and has been endorsed by national business organizations, including the U.S. Chamber of Commerce, the National Alliance of Business, the Business Roundtable, and the National Association of Manufacturers. The GOALS 2000 Act supports an education reform agenda that was spearheaded by governors of both parties. It is a balanced bill, one that provides national leadership and some federal funds

to support grassroots, bottom-up reform.

Concern: Congress and the federal bureaucracy do not support the following basic elements of good education:

- character development based on honesty, integrity, selflessness, compassion, and self-discipline;
- curricula focusing on the basics, including math, science, literature, linguistic skills, music, art, and history; and
- parents as the children's first teacher, with schools as a supportive partner.

Reality: Academic achievement, responsible citizenship, and parental involvement are essential features of the GOALS 2000 Act. There is a strong consensus that citizenship, knowledge of core academic subject matter, and parent-teacher cooperation are critical if this country is going to reach the National Education Goals. For example the third goal states: "By the year 2000, all students will leave grades 4, 8, and 12 having **demonstrated competency** in challenging subject matter, including English, math, science, foreign languages, civics and government, economics, arts, history, and geography, and every school in America will ensure that all students learn to use their minds well, so that they may be prepared for **responsible citizenship**, further learning, and productive employment in our Nation's modern economy."

This goal represents a vision for this country. It is our hope that all interested Americans--Democrats, Republicans, parents, teachers, business leaders--will work together to see that it becomes a reality by the year 2000.

For more information about GOALS 2000 call 202-401-0039.

GOALS 2000: Supporting State and Local Education Reform

Throughout the past decade, states and communities across the country have mounted efforts to improve education. Sparked by the release of **A Nation at Risk** in 1983, given further momentum by the Education Summit in 1989 between the nation's governors and President Bush and the establishment of National Education Goals, these efforts are beginning to pay off.

Student performance has improved in several areas. The overall math and science achievement of our nation's youths is at a 20 year high, according to the only nationally representative assessment of academic performance, the National Assessment of Educational Progress. In addition, the number of high school students taking core academic courses tripled since 1983. The dropout rate of 16- to 24-year-olds declined by 21 percent in the last decade.

Though significant, progress to date is insufficient--student achievement is still too low, the gap between the highest and lowest achievers is unacceptably large, and the pace of improvement is still too slow. Every American child needs a quality education to realize his or her full potential, to build a foundation for lifelong learning, and to become a responsible citizen and productive employee. America's ability to address its challenges of economic competitiveness, crime, and welfare dependency ultimately depends upon the quality of public education and the knowledge and skills of all its citizens.

The Federal Role

Education is and must remain a local matter and a state responsibility. It must also be a national priority if efforts to improve education are to succeed. The federal government can serve as a partner, with a limited and carefully defined role, to support and strengthen local and state improvement efforts, not direct or control them. It can provide information and resources to encourage the spread of successful education practices as rapidly as possible. Together, the states, communities, and federal government can remove obstacles in the path of education, and open new opportunities for learning.

The GOALS 2000: Educate America Act, signed into law by President Bill Clinton on March 31, 1994, forges this new partnership. The Act enjoyed the backing of almost every major national parent, education, and business organization. Both houses of Congress passed this legislation by roughly a 3 to 1 vote, in each house with strong bipartisan support. This partnership role rests on the assumption that public education works best when parents, educators, taxpayers, and policymakers at the local and state levels decide how to make their schools better. It focuses on

improving the education system for all students, rather than on supporting specific categories of students with identified "disadvantages." It reflects a commitment to raising academic expectations for all students, rather than maintaining the tyranny of low expectations for some.

GOALS 2000: A New Partnership

In striking this new partnership, states and the federal government make specific commitments.

The State's Commitment

- Develop its own challenging academic standards for all students

At the heart of GOALS 2000 is the effort to raise academic standards. For parents and communities interested in raising the level of their children's achievement, challenging academic standards are a vehicle to embed these high expectations into their children's curriculum and schooling. Standards can make clear to students, parents, teachers, and the public what students are expected to know and be able to do by certain grade levels. Standards help ensure that students know what is required for success in higher education, in the workforce, and for participation in our democratic society.

Under GOALS 2000, academic standards *are set at the state and local levels*. They are not established or reviewed by any federal agency. States may draw upon the standards proposed by national organizations such as the National Council of Teachers of Mathematics or the Center for Civics Education to develop their own standards, but GOALS 2000 provides no requirements or incentives to do so. In addition, while some states may establish uniform standards to be applied statewide, others, with strong traditions of local control, will assist local school districts in establishing their own.

- Develop its own comprehensive approach to reform

Helping all students reach more challenging academic standards will require significant changes in how schools and the entire education system operate. At the 1989 Education Summit with President Bush, every governor pledged to launch a comprehensive approach to education reform, and since then virtually every state has redoubled its improvement efforts. Under GOALS 2000, each state is asked to develop a **comprehensive** education reform plan that builds on its existing efforts.

While GOALS 2000 provides a broad framework for reform, the overall approach and the specifics of the plan are left up to the state and its local communities. GOALS 2000 supports approaches such as Vermont's Common Core of Learning, Oregon's Certificate of Initial Mastery, Massachusetts' charter schools approach, and specific improvement strategies such as public school choice, portfolio assessments, and deregulation of local schools.

- Develop its standards and reforms with broad-based, grass- roots involvement

Educators, parents, employers, higher education, community groups, and local and state officials all have a stake in the success of public education, and must be part of the improvement process. GOALS 2000 encourages this increased involvement by asking states to create or use existing broad-based planning panels or advisory groups to help develop state-level education improvement plans. Similarly, local school districts are asked to involve a broad range of participants in developing and implementing local education reforms. Some efforts to promote increased involvement include regional forums, town meetings, teleconferences, and newsletters.

The Federal Commitment

- Provide financial assistance to support state and local education reforms

The government provides seed money to support state and local reforms aimed at developing challenging standards for all students. Congress appropriated \$105 million for

Fiscal Year 1994, the first year of GOALS 2000, and \$403 million for the second year. The second year funds will be available to participating states on July 1, 1995.* President Clinton has proposed increased funding for GOALS 2000 to \$750 million for Fiscal Year 1996.

Though only a small part of the federal government's total contribution to elementary and secondary education, these funds make a difference. States distribute them to local school districts on a competitive basis to provide incentives for local improvement and grass-roots reform.

During the second year of participation, at least 90 percent of the funds must be distributed directly to local school districts. The funds will be used

*Congress' 1995 rescission package includes GOALS 2000 funds.

to develop and implement local approaches to education improvement or, in conjunction with institutions of higher education and other partners, to provide preservice training or continuing professional development for teachers.

Eighty-five percent of the funds that a local district receives must in turn be given to individual schools. Each school--not the state, central office, or federal government--is responsible for deciding how best to use these resources to improve schools and help students reach challenging standards. Funds can be used for a wide variety of activities that fit *locally defined approaches to education improvement*.

- Provide flexibility

One important principle incorporated in GOALS 2000 is accountability for results in exchange for expanded flexibility in how to achieve them. Traditionally, federal laws and regulations have spelled out in detail what states, local school districts, and schools may or may not do. As a result, they have focused accountability on compliance more than on increased learning.

For the first time in history, under GOALS 2000, the secretary of education has the authority to waive statutory and regulatory requirements of many **other** federal education programs, such as Title 1, the Safe and Drug Free Schools Act, or the Carl Perkins Vocational Education Program. Waivers are granted if the requirements of other programs interfere with the ability of a state, school district, or individual school to carry out its own approach to educating students to challenging standards. In order to be eligible, a state develops a statewide education reform plan. Once the plan is completed, every school district and school in the state--regardless of whether it receives funds under GOALS 2000--is eligible to request federal waivers, as long as the state has approved its local education improvement plan.

GOALS 2000 also includes the Ed-Flex Demonstration program, which extends this waiver authority even further. Under this program, the secretary delegates the new waiver authority to six states. In this way, the federal government can learn how to better support effective local reforms and responsible state leadership. In February 1995, Oregon was selected as the first Ed-Flex state. Its local school districts or schools that encounter federal obstacles to their improvement efforts can request waivers from state education officials in Salem, Oregon rather than from federal officials in Washington, D.C.

New Ways of Doing Business

Implementing GOALS 2000 has also brought about some significant changes in how the U.S. Department of Education is doing business. For example:

- No new regulations are being issued

To preserve flexibility for states and localities included in the GOALS 2000 Act, the Education Department is not issuing regulations to specify how states must implement the law.

- The application process is streamlined

In the past, applying for federal education funds required completing lengthy paperwork, answering numerous questions, and filling out scores of assurances. This process was reinvented for GOALS 2000. States need answer only four questions to receive first-year funds. On average, state funding awards have been granted in less than a month following submission of the application. Forty-six states, the District of Columbia, and Puerto Rico have applied for and received funds under this streamlined process. Ohio has applied and will receive funds shortly.

For those who ask "What can I do to improve our schools?" there is GOALS 2000, which offers new tools and opportunities to states and communities to improve teaching and learning, and achieve high standards in education. States and communities have responded to this offer, as demonstrated in the chart below and the examples on the following page.

ISSUE: Goals 2000

Administration Position

- As a practical matter, this vote means that Montana will not be able to participate in Goals 2000 in Year 2 -- and it might mean that the State will have to return unobligated funds from Year 1 after that date. The Department of Education is still working with Montana to see if it will be necessary to return Year 1 funds.

DRAFT

◆Just the Facts◆

BLM's New Grazing Rule

Myth: The new grazing rule will eliminate livestock grazing from the public lands.

FACT: Livestock grazing will remain a major use of public lands.

The new grazing regulations will help BLM to improve the capability of the public rangelands to produce more water, better wildlife habitat, and more forage while preserving their use for livestock grazing.

Implementation of the new range management provisions will help to:

- ◆ restore the health of 100,000 acres of important streamside habitat
- ◆ bring 20 million acres of uplands into properly functioning condition
- ◆ reduce erosion, improve water quality, increase ground water recharge, and increase the number of perennial streams
- ◆ benefit all wildlife species and reduce reliance on the Endangered Species Act to conserve rare plant and animal species
- ◆ enhance revenues from and opportunities for recreational activities such as hunting, fishing, hiking, and tourism.

The new grazing regulations will help speed improvements to rangeland health. Improving the health of the land will benefit all sectors of the economy, including ranching, recreation, and tourism. The poor condition of the public lands are exemplified by:

- X Watersheds are not producing their full range of benefits.
- X Soils continue to lose fertility.
- X Poisonous, exotic weeds are a "biological wildfire"--an explosion in slow motion-- that reduce the land's carrying capacity.
- X Many streams and riparian areas are degraded

Myth: Interior rushed the final grazing rule into publication in order to prevent Congress from reviewing it.

FACT: The Interior Department was concerned that Congress have an opportunity to review the new rule. Therefore, while the final rule was published in February, changes in grazing management do not take effect until mid-August. Should Congress wish to act, Interior provided a six month windown between final publication and implementation.

Myth: The final grazing rule raises the Federal grazing fee.

FACT: The final grazing rule does not raise the Federal grazing fee or change the federal grazing fee formula. In fact, the Federal grazing fee declined by 19 percent this year. Because BLM was unable to achieve consensus on an appropriate federal grazing fee, the fee issue was deferred to Congress.

Myth: The new grazing rule violates state water law and will enable the government to take control of ranchers' existing water rights.

FACT: The new rule in no way affects state water law and does not effect existing water rights.

- ▶ The new rule does not take control of ranchers' water rights. The new rule does not affect the structure of western water law. Nor does it affect any *current* water rights on public lands.
- ▶ New water rights would be acquired, maintained, and administered in the name of the federal government to *the extent allowed by state law*.

Myth: The BLM will take ownership of existing range improvements without compensation.

FACT: The final grazing rule does not affect existing range improvements on public lands. The United States will own all new, permanent range improvements constructed on or made to public lands. Permittees and lessees will continue to hold title to temporary or removable improvements such as corrals and water tanks.

→ If a lease or permit is transferred, the new permit of lease holder will reimburse the old permittee or lease holder for contributions made to range improvement projects.

→ This policy is consistent with the common practice of landowners keeping title to permanent improvements made on their land. It is also consistent with Forest Service practice.

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Myth: Bureaucrats in Washington DC will impose one-size-fits-all standards and guidelines on ranchers who hold permits or leases to graze livestock on public land.

FACT: Standards and guidelines will be developed at the state or regional levels by local people not in Washington. Resource Advisory Councils will play a key role in developing standards and guidelines. Standards are measurable criteria to maintain the physical function and biological health of the land. Guidelines are designed to help permittees, lessees, and BLM meet standards.

Myth: BLM or environmentalists will apply "conservation use" to permittees in order to remove livestock from public rangelands.

FACT: Conservation use will never be imposed on a permittee or lessee by BLM or any federal agency. Conservation use is simply a management tool available at the discretion of the rancher. If approved by an authorized BLM official, conservation use will enable a rancher to exclude livestock grazing for up to ten consecutive years without paying grazing fees. During the period of conservation use, forage will not be available to other permittees. Permittees retain the ability to resume grazing in the future.

Myth: The Department of Interior forced grazing changes on the public and ignored public participation.

FACT: The new grazing rules are the result of an extensive collaborative process.

Nearly every aspect of the original proposal has been modified in response to public comment. For example, recognizing that local communities often have the most direct knowledge of public lands, the final rule allows for far more flexibility in establishing Resource Advisory Councils.

The final rule responds directly to issues raised by the ranching industry. For example the final rule provides for long-term permit tenure, allows subleasing and pasturing agreements, and allows non-monetary settlement of unintentional trespass.

On 20 separate occasions Secretary Babbitt met with western Governors, environmentalists, user groups, State and local officials, and local citizens.

BLM and the U.S. Forest Service held 48 hearings throughout the West on the Draft Environmental Impact Statement and the proposed rule-making. Nearly 20,000 letters registering over 38,000 comments were read and considered.

ISSUE: Public Land Livestock Grazing

Background

- About 65% of the 270 million acres of public lands administered by the Department of Interior's Bureau of Land Management (BLM) and the USDA Forest Service are leased to some 27,000 livestock operators in 16 western states, including Montana.
- These lands are governed under various statutes, including the Federal Land Policy and Management Act, the Public Rangelands Improvement Act, the National Forest Management Act, and the Taylor Grazing Act.
- In addition to livestock grazing, these lands provide habitat for a wide variety of wildlife and fish species, including those listed as threatened or endangered.
- Millions of westerners also use these lands for a variety of recreational pursuits, including hiking, camping, fishing, hunting, bicycling, etc.
- Controversy over the proper management of these lands and fees charged for the use of these lands has plagued the two federal agencies and Congress for decades, usually pitting environmentalists, hunters and anglers against livestock operators.

ISSUE: Public Land Livestock Grazing

Chronology of Events

- Early spring 1993, Administration drops from budget the grazing fee increase and hardrock mining royalty at the request of Western Democratic members. Members ask for a process by which to consider these issues.
- In the spring and early summer of 1993, Secretary Babbitt convenes town hall meetings in the following cities to discuss public rangeland management issues:

Bozeman, MT	April 30, 1993
Albuquerque, NM	May 6, 1993
Reno, NV	May 1, 1993
Grand Junction, CO	May 5, 1993
Flagstaff, AZ	July 9, 1993

- July, 1993 - The House includes a grazing fee increase in FY 1994 Interior Appropriations bill. Senate subsequently strips provision from bill and substitutes a provision sponsored by Sen. Domenici to impose a moratorium on the development and/or issuance of a rangeland management regulation.
- August, 1993 - the Bureau of Land Management publishes an Advance Notice of Proposed Rulemaking, Notice of Intent for EIS. During the 60 and 70 day comment periods, 8,000 letters and 56,000 individual comments are received.
- October 14, 1993 - House-Senate conference committee agrees to "Reid compromise" proposed by Sen. Reid, Rep. George Miller, and agreed to by Secretary Babbitt as a substitute to the House's fee increase and the Senate's moratorium. The "Reid compromise" included a modest fee increase phased in over three years and most of the provisions of the Administration's Advance Notice of Proposed Rulemaking.
- November, 1993 - Republican-led filibuster in Senate kills "Reid compromise" on Senate floor. All reference to grazing is removed from conference report.
- November and December, 1993 - Secretary Babbitt and Colorado Gov. Roy Romer convene 9 "round table" discussions with public rangeland stakeholders in Colorado. Discussions provide basis for major provisions of Rangeland Reform proposal.
- February through March, 1994 - Secretary Babbitt attends over 20 town meetings in most western states to gather ideas from the public on grazing reform. (Colorado-9, Nevada-4, Arizona-1, New Mexico-1, Utah-1, Wyoming-1, Oregon-2, Idaho-2). **No town meetings were held in Montana during this time at the request of the Democratic members of the Montana congressional delegation.**

ISSUE: Public Land Livestock Grazing

Chronology (continued)

- March 1994 - BLM publishes proposed changes in its grazing regulations.
- April 1994 - Forest Service publishes proposed changes to its grazing regulations.
- May 1994 - BLM publishes draft environmental impact statement on proposed grazing regulations.
- June 7, 1994 - BLM and Forest Service hold 48 hearings throughout the west and one near Washington D.C. on the draft EIS and proposed rulemaking. 1,900 people testify at the hearings.
- During the 167 day comment period on the BLM proposed rule, and the 119 day comment period on the draft EIS, more than 38,000 comments from more than 20,000 letters and hearing transcripts are received and reviewed.
- December, 1994 -- BLM publishes the final EIS
- January, 1995 - BLM publishes final rule and record of decision. The final rule omits the grazing fee proposal and provides an implementation date of August 21, 1995.
- May 25, 1995 - "Livestock Grazing Act" introduced by Sen. Domenici in the Senate and Rep. Wes Cooley (R-OR) in the House
- The Forest Service's final rule and record of decision is scheduled for publication in June, 1995.

ISSUE: Range Permit Issuance

Background

- About 425 grazing permits on the 10 National Forests in Montana expire on December 31.
- The Montana permits that expire on December 31st are part of a larger parcel of 4,500 grazing permits that expire throughout Forest Service lands in the West on the same day. The Forest Service has not yet completed compliance with environmental laws for many of these permits. Because of the fear that permits will expire for failure to comply with these laws.
- Several Members of Congress, including Senator Burns, have introduced amendments to the rescission package which would address this issue. (Other Congressional members who have introduced amendments on these issues to the rescission package include Senators Daschle, Pressler, Thomas and Congressman Cooley.)

Administration Position

- To comply with National Environmental Policy Act (NEPA) required analysis and documentation to issue these permits, the USDA Forest Service has instituted a national strategy. USDA intends to be in compliance with NEPA and issue these permits in time for the 1996 grazing season.
- While USDA is working hard to achieve compliance for these permits by the end of the year, it has been working quietly with the Hill to modify the rescission language in a manner that would be more acceptable to the Administration. Senator Burns' original language would require the Forest Service to reissue the grazing permits with the same terms and conditions as the current permit, and put the Forest Service on a schedule of completing the NEPA analysis for not more than 20% of the permits nationwide each fiscal year. After completion of the environmental review process, the Forest Service could then reissue the permits with new terms and conditions.
- We have offered modifications to that language which would allow the Forest Service to modify the terms and conditions in the interim permits and to complete compliance for more than 20% of the permits each year. USDA is also seeking the authority to deny an interim permit to a permit holder who is not in compliance with the terms and conditions of the current permit (this would include permit holders who are not paying their grazing fees because they are challenging federal supremacy).

ISSUE: Public Land Livestock Grazing

Controversy Over Fees

- One of the major public land management controversies concerns the fees charged the 27,000 permittees who are grazing livestock on BLM and National Forest rangelands.
- The current fee formula (called the "PRIA formula", for Public Rangelands Improvement Act), was first authorized by PRIA in 1978, but expired in 1985.
- President Reagan re-instituted the PRIA formula via executive order under pressure from the western livestock industry and their Congressional allies in 1986.
- Critics maintain that the PRIA formula has resulted in fees which are far below the market value for western rangelands. Receipts from fees fail to cover both the administrative costs of the grazing programs of the BLM and Forest Service, and the costs for improving rangelands. Most western state governments (including Montana) charge significantly higher fees for grazing permits on state lands than do the federal agencies.
- Repeated attempts by Congress in the late 1980s and early 1990s failed to change the formula to more closely resemble market rates.
- The Administration has supported fee reform in several contexts, including: the initial (February 1993) Vision of Change budget proposal; the BLM's initial range reform regulatory proposal in 1993; in the FY 1994 Interior appropriations bill (which failed due to a Republican-led filibuster); and finally in the draft 1994 Rangeland Reform regulatory proposal.
- The Vision of Change proposal would have increased grazing fees from \$1.86 per AUM in 1993 to \$4.51 per AUM in 1996. (An Animal Unit Month (AUM) is the amount of forage necessary to support a cow or calf, or 5 sheep, for one month) Secretary Babbitt's proposal would have increased the fees to \$3.96 per AUM in 1996. The Domenici proposal would increase the fee to about \$2.10 per AUM in 1996. The fee for 1995 is \$1.61 per AUM.
- Secretary Babbitt announced his decision to remove the proposed new fee formula from the final Range Reform regulation in December, 1994, and invited Congress to re-examine the issue.
- A new fee formula is proposed in the Republicans' "Livestock Grazing Act", introduced on May 25 (see section on "Recently introduced legislation". Their fee proposal apparently raises fees marginally, but results in a fee which is far below the level necessary to cover program costs, and far below the fees charged for comparable state and private lands. It is being evaluated by agency and academic experts.

ISSUE: Public Land Livestock Grazing

Recently Introduced Legislation

On May 25, 1995 the "Livestock Grazing Act" was introduced in the Senate by Sen. Pete Domenici (R-NM) and in the House by Rep. Wes Cooley (R-OR). The bill contains the following provisions:

- Returns rangeland management to an era of dominant use by the livestock industry.
- Amends the Taylor Grazing Act of 1937 by recognizing grazing preference as a **RIGHT** rather than a privilege.
- Limits ability of resource managers and public land users to respond to environmental concerns.
- Places statutory restraints on procedural matters best left to those closest to the resources.
- Limits public involvement in planning, decision-making, and appeals processes by replacing "interested publics" with "affected interests" who have a "substantiated" interest . More restrictive than existing law.
- Eliminates public involvement in development of Allotment Management Plans.
- Eliminates the requirement of the final grazing rule that the public be involved in the development of state and regional standards and guidelines.
- Grants special privileges to the ranching industry. Creates permittee-dominated grazing advisory councils which have authority to set range improvement objectives.
- Eliminates opportunity to provide advise to the Secretary by failing to provide authority to establish Resource Advisory Councils in areas without grazing districts.
- Eliminates all National Environmental Policy Act requirements below the Resource Management Plan level for "grazing activities and management actions."
- Requires "imminent and irreversible damage to the land" before corrective grazing decisions can be placed in effect pending appeal.

- Appears to freeze grazing at August, 1993 levels without regard to range capabilities or grazing management practices.
- Discourages grazing management and removes flexibility and adaptive approaches to public land stewardship. For example:
 - ▶ eliminates final rule provisions that allow voluntary conservation use by ranchers;
 - ▶ severely limits use of "terms and conditions" as a management tool;
 - ▶ requires inordinate amounts of long-term data prior to making management changes;
 - ▶ eliminates effective compliance monitoring techniques; and
 - ▶ restricts managers ability to include environmental standards in a permit.
- Appears to eliminate any sanctions for failure to pay grazing fees.
- Requires establishment of *at least* 84 individual advisory committees and councils; three to four times the number proposed by the BLM. The expense, paper-work, and other administrative requirement would be overwhelming.
- Requires congressional approval to amend advisory committee/council charters.

The fee structure is completely new and unduly complex. The potential effects on revenue collection and the ranching industry are unknown but currently being reviewed.

- In addition to Senator Domenici (R-NM), original co-sponsors to the Senate bill are Senators Craig (R-ID), Kempthorn (R-ID), Dole (R-KS), Kyl (R-AZ), Hatch (R-UT), Bennett (R-UT), Burns (R-MT), Simpson (R-WY), Thomas (R-WY), Pressler (R-SD), Dorgan (D-ND), Conrad (D-ND). We do not have a complete list of cosponsors of the House bill. The bill is very long and complicated and many members were asked to sign on the bill without having seen it.
- It is unlikely, given the busy schedule for Congress, that the House or Senate will finish floor action on the "Livestock Grazing Act of 1995" or the Interior Appropriations bill (where it could appear as a rider) before August when the Administration's grazing rule will begin implementation.

ISSUE: Public Land Livestock Grazing

Administration Position -- Provisions of the Final Rule

1) Resource Advisory Councils (RACs): The new RACs are the most important innovation in the Bureau's new approach to rangeland management.

- BLM has a statutory obligation under the Federal Land Policy and Management Act (FLPMA -- the BLM "Organic Act") to establish citizen advisory councils with a balanced membership representing the major public land interests in the area.
- The new grazing rule meets that obligation by establishing Resource Advisory Councils across the public lands.
- The RACs will each have 10 to 15 members, from three categories: commodity users, conservation users and other stakeholders
- The Secretary will appoint the members of the RACs, based on public nominations and recommendations from the Governors. Members will generally serve 3-yr terms.
- RACs will operate by consensus. Recommendations to local BLM managers must have agreement from the majority of members in each of the three membership categories.
- The new emphasis on RACs reflects the success Secretary Babbitt has seen with local groups in the West who have been using the consensus based collaborative processes to resolve land management conflicts -- from the Owl Mountain Croup in Colorado to the Trout Creek Mountains Working Group in eastern Oregon.

2) Standards and Guidelines for Grazing Administration: Standards are measurable criteria to ensure rangeland health. Guidelines are management methods and practices to achieve rangeland health standards. Standards and guidelines will be developed at the state or regional level to reflect geographic differences and involve local stakeholders. They will be based on fundamentals of rangeland health which emphasize improving watershed, restoring areas near streambeds, protecting water quality and supporting healthy plant and animal communities. They must be developed within 18 months.

3) Water Rights: Establishes a consistent policy for acquiring water rights on public lands for livestock grazing on public lands. New water rights for livestock grazing will be acquired in the name of the United States to the extent allowed by state law. Coapplication and joint ownership of water rights for livestock watering on public lands will be allowed. Existing water rights remain unaffected.

4) Range Improvement Ownership: Provides that title to new permanent improvements will be in the name of the United States. Contributions of permittees or lessees toward permanent improvements will be recorded for future reimbursement in the event that they cease to hold the permit or lease. Title to existing range improvement is unaffected.

5) Conservation Use: Allows conservation use where consistent with the BLM land use plan. This enables permittees to rest an area for up to 10 years without paying fees while preserving the ability to resume grazing in the future. Conservation use will not be imposed on any permittee or lessee.

6) Range Improvement Funds: Increase flexibility in the use of grazing fee receipts to improve rangeland health. Funds can be used to plan, design, build, and monitor the effectiveness of range improvement projects. One-half of the available funds can be directed by the Secretary to priority areas for on the ground improvements.

7) Appeal Procedures: Reduces long delays in implementing beneficial management changes while preserving appeal and stay options. Requests to stay grazing decisions will be determined within 75 days of decision.

8) Permit Tenure: Retains the current 10-year permit term.

9) Unauthorized Use: Reduces costs and paperwork by allowing BLM to reach non-monetary settlements when unauthorized grazing is unintentional and does not cause resource harm.

10) Suspended Nonuse: BLM grazing permits will continue to contain suspended nonuse animal unit months (AUMs).

11) Subleasing: Allows authorized subleasing to give permittees maximum flexibility to manage their businesses. A surcharge will be collected for pasturing agreements to obtain a reasonable return to the public for arrangements where a permittee receives income for pasturing another person's cattle on BLM land. A permittee's children are exempt from the surcharge.

12) Prohibited Acts: Penalties can be imposed for violations of laws protecting wildlife, archaeological sites, and water quality, and natural resources where three conditions are met: 1) public lands administered by the BLM is involved or affected; 2) the violation is related to grazing use authorized by a BLM permit or lease; and, 3) the permittee has been convicted or otherwise found to be in violation with no appeals outstanding.

13) Mandatory Qualifications: Requires applicants for livestock permits or leases to have a satisfactory performance record. New applicants would be disqualified if they have had a federal or state grazing permit canceled within the last 3 years.

14) Public Participation: Changes term "affected interest" to "interested public" to facilitate public involvement. Individuals can be recognized as members of the "interested public" and participate by indicating in writing their desire to be involved in land management programs.

ISSUE: Anti Government Activists/The Montana Militia

Background

The FBI Behavioral Experts strongly advise against publicly mentioning or calling attention to any of these groups. There are a number of antigovernment activists within Montana. One such group is the "freemen" who have declared themselves citizens of their own self-defined country and have renounced the authority of the United States. Montana also has a very active militia organization, Militia of Montana (MOM). This group was founded by John Trochmann, whose brother and son are also very active. Its primary focus is on the "right to keep and bear arms" but its most extreme members also espouse the idea that the United States government is filled with "enemies of the people" and that the citizens need to and should prepare to defend themselves against assault by federal agents. And there are numerous tax protestors in Montana who believe, among other things, that the income tax is unconstitutional and that money has had no real values since the U.S. went off the gold standard in the 'thirties.

- MOM, located in Noxon, Montana, is a highly organized group that promotes and supports the formation of county militias throughout the nation. The principal founders of MOM are John, David, and Randy Trochmann.
- On March 3, 1995, John Trochman and seven members of the "Freemen" were arrested by local authorities, in Roundup, Montana, for carrying concealed weapons. At the time of their arrest, the men were in possession of numerous rifles, handguns, ammunition, portable radios, duct tape and flex-cuffs. Law enforcement has speculated that the men intended to kidnap a Garfield County, Montana judge in retribution for the sentencing a Freeman felony
- In another incident, self-proclaimed militia member and tax protester Calvin Greenup, had threatened to seize the courthouse in Ravalli County, Montana. Greenup and others were charged in May by local authorities with "criminal syndicalism."
- Robert Fletcher, a principal member of MOM, is an effective promoter of the conspiracy theories. Prior to the Oklahoma City bombing Fletcher made statements that the "final plan," to implement "the New World Order," will occur when the "CIA controlled government" launches a series of staged terrorist attacks against several major U.S. cities. Fletcher states that attacks, perpetrated by the Federal government, may come in the form of contamination of the water supply, bombings, or a combination of the two. Recently, media sources report that Fletcher predicts that two or more incidents possibly worse than the Oklahoma City bombing, will take place within the next four to five years.
- MOM, as an organization, does not appear to represent an immediate threat to public safety. However, the independent action of a MOM member or supporter does pose a potential threat. There are no open ATF investigations on members of MOM.

- On May 25, a story was published in *The Wall Street Journal* about militias fighting the federal government through service on juries. The article included a reference to Rudy Stanko, who was convicted in the early 1980s for selling tainted meat to the federal school lunch program. Stanko served a six-year prison term and was prohibited from entering the meat business again, but was named in a December 1994 court decision involving a meat plant in Forsyth, Montana.
- USDA ordered withdrawal of meat and poultry inspection from the plant because of its affiliation with Stanko.

ISSUE: National Parks

Background

- Montana is home to two of the nation's most popular national parks, Yellowstone, with 3 million visits last year and Glacier, with 2.2 million visits last year. Additionally, Montana has six other national park areas. All are rich in Native American history and culture.
- Tourism to the national parks throughout Montana drives the state's economy, bringing a cumulative total of \$807.6 million in direct spending and creating over 15,000 full-time jobs. If the proposed 10% cuts to the National Park Service (from a 1995 freeze level) are passed by Congress in 1996 through 2002, tourism will be very negatively impacted as will visitors to these parks. For instance: The visiting seasons will be cut to very short periods of the year. Campgrounds may close. Backcountry trails will close, there will be fewer rangers to help visitors, and emergency response will be slowed. Furthermore, winter seasons in the parks may have to be eliminated. Roads will not be plowed - snow will have to melt naturally - meaning some roads could not open until July instead of May 1.

Administration Position

- The Administration is opposed to these severe cuts in the National Park Service budget. They will adversely affect the entire country and the economies of many states and small towns.

Administration Accomplishments

- Secretary Babbitt and National Park Service officials have been raising the public's awareness of this crisis during this past week's National Park Week activities. A high profile visit to Rocky Mountain National Park in Denver by the Secretary resulted in national and regional media coverage.

ISSUE: Bull Trout

Q & A

- Q. We understand that a decision will be announced soon on whether the U.S. Fish and Wildlife Service will list the bull trout as endangered. If it is listed, it will have a tremendous impact all over the Northwest. Can you tell us whether it will be listed?
- A. We have been working very hard with the states of Oregon, Washington, Idaho and Montana to make sure that our management of bull trout habitat on federal lands is consistent with state management strategies, and that we are making real progress. Governor Andrus is holding a conference on bull trout this Thursday and Friday, and we may have an announcement to make by then.
- Q. Isn't there also a lawsuit being heard this week to shut down all activities on 21 National Forests in the West that may affect bull trout?
- A. That case is being argued in court this week. We are confident that our actions to manage bull trout habitat will overcome any need for a court to step in and take over.

Background

- The Bull Trout was petitioned for listing as an endangered species in October 1992. It was not listed, however, because of work on species with higher priority. A nine-member Bull Trout Restoration Team was created between federal and local groups and has moved ahead in the development of a restoration plan for bull trout in the State. The team appointed a scientific group whose accomplishments to date include removal and suppression of nonnative species, land management guidelines and standards for activities such as logging and grazing and restrictions on sport fishing, and the role of hatcheries in bull trout restoration. The scientific knowledge and foundation for the restoration plan continues to grow along with enhanced opportunity for success and increased bull trout numbers.

Administration Position

- This is the type of cooperative effort we will continue to foster to showcase the flexibility and reasonableness of the Endangered Species Act.

ISSUE: Spearmint Oil Marketing Order

Background

- Montana spearmint growers for years have objected to being regulated under the Far West spearmint oil marketing order, which authorizes allotment percentages and salable quantities by class of oil. The oil is used in toothpaste, confections, and medicines.
- The order's production area includes several northwestern states, including Montana.
- Montana has produced no commercial quantities of spearmint oil under the order. However, growers there considering producing commercial volumes of the oil have persuaded Senators Max Baucus and Conrad Burns to propose legislation to remove the State from the order's coverage.

Administration Position

- The USDA Agricultural Marketing Service (AMS) sees such legislation as setting a bad precedent. On April 18, AMS officials held a conference call with a member of Senator Baucus' staff, which concluded in AMS' agreeing to attempt mediation between the order's administrative committee and the prospective Montana mint growers.

ISSUE: USDA Proposed Office Closings in Montana

Background

- The USDA Agricultural Research Service (ARS) research facility in Sidney, Montana was proposed for closure in FY 95 and again in the President's FY 96 budget. Cost savings will be directed toward research having higher national priority.
- This unit is actively working on biocontrol of leafy spurge and other range weeds. The laboratory has also made contributions to water conservation, erosion control, and crop production over the years.
- The program continues to receive strong customer support in Montana, Wyoming, and North and South Dakota. Interest is high in research on the biocontrol of leafy spurge, sustainable agricultural systems, and new crops.
- However, similar work is carried out by ARS in Bozeman, Montana, and several other locations.
- Through the efforts of Senator Max Baucus, Congress is expected to attempt to maintain funding for the Sidney facility by appropriating block grant funding, possibly to Montana State University.
- As part of its "Reinvention" efforts, USDA's Forest Service (FS) announced its reorganization proposal on December 6, 1994. The proposal recommends closing the regional office in Missoula, Montana, moving its functions to the existing regional office in Denver.
- The FS field restructuring proposal is expected to save \$18.5 million annually nationwide.
- An interdisciplinary team was established to develop recommendations and strategies for FS reinvention. Public hearings were conducted nationwide for input. (including one in Missoula on July 29, 1994)
- Senator Baucus strongly objected to the proposed FS Missoula office closure.

Administration Position

- This action by Congress would not be consistent with the President's budget, in that it would preclude efforts to prioritize federal activities in the national interest, duplicate research activities elsewhere, and result in no net cost savings.
- Secretary Glickman stated in his confirmation hearings this Spring that he would review the FS reorganization proposal. He also promised to allow sufficient time for congressional review of the proposal before implementation.

ISSUE: Bison and Brucellosis in Yellowstone National Park

Background

- Bison carry a disease, brucellosis, which is benign to them but which causes cattle to abort their fetuses.
- Brucellosis has cost the federal government, the states, and the livestock industry billions of dollars.
- Eradication of brucellosis is targeted to be eliminated in the United States by 1998. Currently, only 119 herds are quarantined due to brucellosis.
- A number of states, including North Dakota, Texas, Washington, Nebraska, and Oregon now require Montana cattle to be tested before entry. Cost: about \$12 a head. Iowa, South Dakota, Oklahoma, and Kansas have threatened to require testing. Canada has also expressed concern.
- Bison leaving Yellowstone are now shot, which causes controversy nationally. 500 Yellowstone bison were shot this past winter.
- Senator Conrad Burns has introduced legislation to require the Park Service to eliminate brucellosis in Yellowstone National Park by December 1998.
- The State of Montana has sued the Park Service and the USDA Animal and Plant Health Inspection Service (APHIS) to force a resolution of the problem.

Administration Position

- The Administration actively supports the current process that includes the National Park Service, U.S. Forest Service, Montana Dept. of Livestock, Montana Dept. of Fish, Wildlife and Parks, and the Animal Plant Health Inspection Service (APHIS) which are writing a long-term Bison Management Plan. Public release of a draft plan and Environmental Impact Statement (EIS) are scheduled for late spring 1995. In the meantime, NPS is managing park bison under an interim management plan, including the segregation of cattle from bison in quarantine areas near the park.

ISSUE: Beartooth Oil and Gas Leasing

Background

- Senator Conrad Burns has been highly interested in the Beartooth Oil and Gas Leasing Final Environmental Impact Statement (FEIS). On February 16, in a letter to Secretary Dan Glickman, Senator Burns requested a timeframe for completion of the FEIS.
- Senator Burns' constituents are highly interested in the oil and gas leases on the Custer National Forest, known as the Beartooth Face.

Administration Position

- A letter was mailed to Senator Burns recently, stating that the USDA Forest Service will work with the public and the Department of the Interior agencies to make certain lands available for oil and gas leasing in accordance with the Federal Onshore Oil and Gas Leasing Reform Act, the Custer National Forest Land and Resource Management Plan, and the leasing analysis.
- According to the Forest Service, a Record of Decision for the Beartooth Mountains FEIS shall be released in two to three months.

ISSUE: Canadian Grain Imports

Background

- Record levels of Canadian wheat and barley imports have dramatically affected northern-tier producers. During the winter of 1993, Montana farmers staged an elevator blockade over this issue.
- Some Montana producers continue to have problems finding places to haul their grain, because Canadian wheat fills the grain elevators and rail cars.

Administration Position

- An agreement between the United States and Canada established temporary tariff-rate quotas to restrict wheat imports until August 1995, while the U.S.-Canada Joint Commission on Grains considers long-term solutions.

ISSUE: Wolf Reintroduction

Background

- The reintroduction of wolves in Yellowstone National Park by the U.S. Fish and Wildlife Service (USFWS) is controversial in Montana.
- There are currently about seventy adult wolves in seven packs that have naturally recolonized in northwestern Montana, with possibly another thirty to forty young being born this spring. Livestock conflicts in NW Montana are rare. In 1991, cattle ranchers in Montana reported cattle losses totaling \$40 million, with only \$1000 of that from wolf depredation.
- The ranchers were compensated by the Defenders of Wildlife for their losses.
- The initiative has broad public support and the Department has had a highly visible role in this effort which has been developed over the past decade.
- Montana livestock producers are concerned about the potential for increased predation from wolves recently reintroduced.
- Several of these wolves have migrated from the Park to adjacent lands.
- Some members of Congress from the region have said they will fight against future funding for wolf reintroduction programs.
- A man was arrested two weeks ago for shooting a reintroduced wolf (a male who had sired cubs), after the pelt and skull were found in the man's cabin. Unlike similar confrontations in Idaho, the arrest went smoothly and did not generate a public outcry. Although Senator Conrad Burns (R-MT) has sharply criticized the reintroduction program, public opinion in Montana is split on whether to reintroduce and protect the wolves. Senator Baucus supports reintroduction, but does not see it as a winning issue.
- Senator Baucus' emphasis has been that reintroduction is important because if the wolves are restored, it will be easier to take more measures to protect livestock. His position has been attacked by Conrad Burns, who has gotten a lot of press with the contention that if subsidies to protect farmers and ranchers are going to be cut, subsidies to protect wolves should go first.

Administration Position

- USDA Animal and Plant Health Inspection Service (APHIS) officials are working with USFWS to manage any damage that may be caused by these animals. USFWS funds an APHIS wolf damage specialist in Montana to handle any requests for assistance from ranchers in the reintroduction areas.

ISSUE: Timber Supply

Background

- The volume of timber sales under contract (315 million board feet (MBF)) on Montana National Forests currently is about 25 percent of what it was in 1987.
- The programmed timber sale for these Forests for 1995 is 233 million board feet.
- Emerging issues, appeals, litigation, Endangered Species Act consultation, together with refined analyses, have resulted in sales with less volume than predicted in Forest Plans.

Administration Position

- The Forest Service is committed to implementing ecosystem management principles. As described in the Forest Service land ethic, it is to: "promote the sustainability of ecosystems by ensuring their health, diversity, and productivity."
- A sustainable timber supply will avoid "train wrecks" such as the situation in the Pacific Northwest, which was due to overharvesting and disregard for protecting the resources that sustain industry and communities.
- (See also next section on Forest Health/Timber Salvage.)

ISSUE: Forest Health/Timber Salvage

Background

- About 66,000 acres of National Forest, identified as commercial forest land, burned in Montana in 1994.
- This land has a potential timber salvage recovery of 80 million to 170 million board feet (MBF).
- In addition to fire-affected timber stands, forest health problems are developing in many over-mature timber stands.
- This problem is further complicated at lower elevations with the urban-interface development.

Administration Position

- The Forest Service is committed to implementing ecosystem management principles, while still providing sustainable quantities of timber salvage sales.
- The Administration is committed to addressing forest health on the National Forests and is taking actions that will improve the status and sustainability of all forest resources.
- The President's FY 1996 Budget proposes a major increase in fuels treatment on National Forests to address forest health. In addition, an interagency agreement has recently been reached to expedite the Endangered Species Act consultation process on timber salvage sales. This agreement is expected to shorten the consultation process by 30 percent, and allow additional salvage sales in the range of 500 MBF nationwide during the FY 1995-97 period.
- The Administration has stated that one of the best ways to achieve forest health is by supporting the environmental laws that protect water quality, wildlife habitat, fisheries, range, and recreation resources. Although committed to an aggressive timber salvage program, the Administration believes strongly that more harm than good would be done to the traditional forests if Congress in the pending rescission bill forces the Forest Service to ignore forest plan standards and guidelines.

ISSUE: Endangered Species Act

Q & A

Q. What is your position on the Endangered Species Act?

A. The Endangered Species Act (ESA) is a law based on a noble goal, and one which has been responsible for saving some species, such as the gray whale and the bald eagle. I realize that it's also become increasingly controversial over the past few years. In part, this is because problems with our wildlife have been ignored by past administrations until a "train wreck" occurred.

My Administration has changed the way we do business under the ESA. We are significantly increasing the role of states, local governments and private landowners to develop cooperative ways of saving species before a crisis occurs. We are also improving the quality of science for listing species through peer review. In doing so, we are changing the regulatory process for ESA; we have also identified changes that we think Congress should make in the process of reauthorizing ESA.

Q. Do you think ESA should be reauthorized?

A. Yes. It is a good law with an important purposes - not only for the protection of other species, but for human beings themselves. For instance, many of our medicines are derived from plants; our economic basis depends in part on a strong natural resources base. However, we do need to reform how the law works, and that is exactly what my Administration has set about doing.

Q. What do you think of Senator Gorton's bill?

A. Senator Gorton's bill, like many of the bills being introduced by the majority, was clearly written by wealthy special interests who would benefit from less protection for species. Ironically, the bill would much more process the current law, yet offer less protection. I think we can do better.

Q. What do you think of the National Academy of Sciences' report on ESA?

A. The report was just released, and we are still reviewing it. However, it appears to back up our basic view: that the fundamental building blocks of the Act are based on good science, but that greater efficiencies can be achieved in affording that protection.

ISSUE: Endangered Species Act

Background

- National Forests in Montana provide habitat for a variety of fish and wildlife species listed as threatened or endangered under the Endangered Species Act.
- Clauses in the Act, such as the "mandate clause" which elevates endangered species protection above other federal law and the "takings clause" which prohibits the taking of any listed species, have given rise to regional controversies and often violent private property revolts in western states. This year alone, the Act has been the central focus of several controversies in the West, including wolf reintroduction in Yellowstone Park and salmon restoration.

ISSUE: Takings Legislation

Background

- Montana enacted a "takings" assessment bill this year, H.B. 311. It requires the Attorney General to develop guidelines to assist state agencies in evaluating agency actions with takings the likelihood that a state or federal court would find a taking, describe any less restrictive alternatives that were considered, and estimate the compensation required if a court finds a taking.
- This approach is very different from the course followed by in the House and Senate takings bills, which would require taxpayer compensation of property owners for virtually any government action that diminishes the profitability or value of a piece of property, regardless of the activity being regulated, the owner's reasonable expectations, the remaining economic value of the property, or the public and private benefit obtained from the regulation.

ISSUE: New World Mine

Background

- Crown Butte Mining Company -- a subsidiary of Noranda Mining Company, (a Canadian corporation) -- has proposed to build and operate the New World Mine (a gold, silver, and copper mine) to be located near Cooke City, Montana, approximately three miles from Yellowstone National Park.
- Though about half the tailings (waste left after ore is processed) would be placed back into the mine, the operation would involve the construction of a deep, massive tailings pond in a mountain valley.
- The 1872 Mining Act gives Noranda Corporation the opportunity to acquire the title to the federal land to patent its claim. Claims owned or controlled by Crown Butte are located on federal lands open to mineral entry under the Act and Noranda stands to reap about \$100-200 million in profit for a claim that they paid the United States about \$10,000 to acquire. The mine itself is expected to yield about \$800 million worth of precious metals. In the last Congress the Administration urged the legislature to reform the 1872 Mining Act because it allows corporations to mine on federal lands without adequate compensation to the American taxpayer.
- This proposal has provoked strong criticism from many local residents, national environmentalists and several editorial boards (including the New York Times). There is great concern that the pond will leak acid or toxic leachate into a nearby, pristine, blue ribbon trout stream (Clarks Fork, a federally designated wild and scenic river) on a tributary of the Yellowstone River, as well as objection to this development so close to the National Park and the Absaroka Wilderness.
- EPA, USDA and CEQ are involved in the review of the Environmental Impact Statement (EIS) as well as the issuance of permits under the Clean Water Act.
- Although the Department of Interior usually reviews mining permits on public lands, the New World Mine is largely on private land and thus not subject to thorough Interior review. The New World Mine would not have been effected by mining law changes considered in the last Congress.
- Senator Max Baucus has outlined specific requirements for the mine to receive his support. He has promised owners "the fight of a lifetime."

Administration Position

- We will continue to work closely with all parties during preparation of the draft Environmental Impact Statement, due out in late summer 1995, to ensure that any possible adverse impacts to the environment or public health are carefully evaluated.
- EPA will exercise its permitting authority consistent with the safeguards against unacceptable threats to water quality in the Clean Water Act.

ISSUE: Claims Against USDA for Lost Protein Premiums

Background

- On May 1, 170 farmers and elevator operators filed administrative claims against the USDA Grain Inspection and Packers and Stockyards Administration (GIPSA) for recovery of lost protein premiums on sales of spring wheat, winter wheat, and durum wheat in 1993 and early 1994.
- The claim alleges that on May 2, 1993, the USDA Federal Grain Inspection Service (FGIS), formerly an independent agency and now a GIPSA program, adopted new, official protein testing technology that resulted in significantly lower protein measurements when compared to other accepted and approved protein measurement methods.
- According to the claim, the direct result of FGIS' action in adopting this new method was that the claimants received less money for their grain than they would have received if the protein measurements had been consistent with existing, well-established methods.
- Generally, higher protein content in wheat translates into higher prices.

Administration Position

- Claimants are primarily farmers and elevator operators in Montana, North Dakota, and South Dakota. FGIS is processing information concerning this claim and forwarding it to the USDA General Counsel for review.

ISSUE: Salmon

Background

- Several large federally operated water storage reservoirs are located in western Montana. These reservoirs have been used to generate electricity and to support the recreational industry. A recently proposed Biological Opinion (BO) Plan issued by NOAA's National Marine Fisheries Service calls for increased releases from two reservoirs in western Montana. The increased releases from these reservoirs would increase the summer water flow in lower parts of the Columbia/Snake River System and increase the survival chances of endangered Snake River salmon.
- Libby and Hungry Horse Reservoirs in Montana are federal reservoirs in the headwaters of the Columbia River Basin and are part of the Columbia River power system (FCRPS). They are operated by the Army Corps of Engineers and Bureau of Reclamation, respectively. The Bonneville Power Administration (BPA) markets the power from the FCRPS.
- Since the late 1980s the Pacific Northwest has had below average water years and both reservoirs have been drafted heavily for power production, not refilling in the summer. Montanans feel that federal promises about the benefits of reservoir recreation have not been kept.
- In March 1995, the U.S. Fish and Wildlife Service (FWS) released a separate BO on the operation of Libby reservoir. The FWS has called for protection of white sturgeon in the Kootenay river below Libby. The FWS BO calls for high flows out of Libby during the spring to stimulate sturgeon spawning.
- Montanans are now concerned that even in good water years their reservoirs will not be full because of these operations for endangered fish. They are also concerned that operation associated with both Biological Opinions (BO) are expensive and will raise BPA's power rates, harming an aluminum plant in Montana that relies on very cheap power from BPA.

Administration Position

- NMFS and FWS are engaged in technical discussions with state, tribal and Power Planning Council representatives from Montana to determine whether there are opportunities to meet local objectives within the framework of the Biological Opinions.

ISSUE: Missouri River Master Water Control Manual

Background

- The Army Corps of Engineers (Corps) is reviewing its Missouri River Master Water Control Manual, which was last updated in 1975. The current review began in 1989 at the request of several states, including Montana, because drought conditions had caused low water in the upstream State reservoirs, and low water in the Missouri River.
- This process resulted in a draft Corps' Environmental Impact Statement (EIS), which compared the current water control plan to a "preferred alternative" developed by the Corps. The comment period on the EIS closed March 1, 1995.
- Comments on the plan were divided along state lines. States on the Upper Missouri River Basin (North and South Dakota, Montana, and Wyoming) generally favored the "preferred alternative", because it would enhance their recreation programs. More water would be held in these reservoirs during the peak recreation season (June-September). Also, during spring runoffs, more water would be released downstream. This is known as the "spring rise" and creates a better spawning environment for indigenous fish. Downstream states (Missouri, Kansas, Nebraska, Iowa, Kentucky, and Louisiana) strongly opposed the "preferred alternative" because it would shorten the navigation season (from 8 to 7 months) and increase the possibility of lowland flooding in those states during the spring rise.
- After the comment period closed, the Corps, OMB and CEQ met with interested members of Congress representing the upper and lower states on separate occasions to discuss the Corps' draft plan. Representatives were present from both the Senate and House.
- Due to the strong criticism the Corps' EIS received, the acting Assistant Secretary of the Army for Civil Works is evaluating the comments made by the opposition and is negotiating with both Upper and Lower states. The acting Assistant Secretary is in the process of developing a new alternative.

Administration Position

- The Corps of Engineers has not yet formulated a final response to the draft EIS. But the Corps will not finalize its plan. It will announce that it intends to proceed with a new alternative. Senators Conrad Burns and Christopher Bond, representing the two sides, have agreed upon this course.

ISSUE: Billings Air Quality

Background

- Last September, EPA Region 8 issued a "State Implementation Plan (SIP) call" for sulfur dioxide (SO₂) for Billings because of violations of the SO₂ national air quality standards in the city.
- There are a number of major sources of SO₂ in Billings (e.g. refineries, chemical plants), including some of the largest emitters of SO₂.
- The SIP call means that the State of Montana will have to require that these major SO₂ sources control their SO₂ emissions.
- Six of the seven affected companies have come to agreements with the State on control strategies.
- The seventh company (Montana Sulphur) is contesting the need for controls. This is making it difficult for the State to develop this plan.

Administration Position

- EPA strongly supports states' efforts to prepare SIPs to protect ambient air quality standards. EPA provides technical support, as requested.

Administration Accomplishments

- EPA has worked diligently with the State of Montana to support the State efforts to prepare an SO₂ SIP for the Billings area.
- Six of seven companies have signed stipulations with the State of Montana to implement SO₂ control strategies. EPA may, however, be required to prepare an SO₂ control strategy for the one company (Montana Sulfur) that has not yet reached agreement with the state.

ISSUE: Clark Fork River (Anaconada SUPERFUND Site)

Background

- EPA is managing extensive Superfund activities in the Upper Clark Fork River basin where 100 years of mining has caused widespread contamination.
- EPA's brownfields program (community redevelopment of contaminated urban property) is helping to redevelop a park and preserve historic mining structures.
- Contaminated lands are being reclaimed for beneficial use at the Anaconada Old Works Superfund site where a world class golf course designed by Jack Nicklaus is being built.
- ARCO, the major responsible party at the Clark Fork Superfund sites, is lobbying to revise the Superfund law to eliminate both retroactive and joint-and-several liability.
- If such changes were made, the public could bear most of the tremendous costs for cleaning up these large mining sites.
- The communities could also continue to have large contaminated brownfields that would seriously curtail economic redevelopment.

Administration Position

- EPA has implemented a series of administrative reforms to Superfund to accelerate clean up, use innovative clean-up approaches, and return contaminated lands to productive uses. These reforms have been successfully implemented in the Clark Fork River drainage.

Administration Accomplishments

- Innovative community-based residential yard cleanups are being performed in Butte and East Helena. These clean-ups will reduce exposure of sensitive children to lead in soil contaminated by mining wastes.

ISSUE: Ash Grove Cement Company

Background

- EPA and the State of Montana are charged with reviewing an environmental permit application from the Ash Grove Cement Company to burn hazardous waste in its cement kiln as a fuel supplement/replacement.
- The kiln is located one-half mile from the Montana City Elementary School and surrounding residential area.
- EPA and the state have notified Ash Grove that its application is deficient, and the company has not yet addressed this deficiency.
- The burning of hazardous waste in incinerators and cement kilns has caused a nationwide controversy.
- The principal issue is the release of highly toxic dioxins and unknown combustion by-products to the air.
- In Montana, local citizen groups have vehemently opposed this activity. Their opposition is based on the close proximity of the cement kilns in Montana to schools, residential areas, and sensitive water systems.
- During two successive Montana legislative sessions, bills were introduced to preclude burning in these areas. Both bills were heavily lobbied by both sides, and ultimately defeated.
- The Jefferson County Planning Board, where the Ash Grove kiln is located, has announced its intention to pass a resolution to preclude the burning of hazardous wastes in close proximity to such areas.
- The Planning Board for neighboring Gallatin County has already done so, defeating a proposal by another company, Holnam, Inc., to burn liquid hazardous waste at its kiln along the Jefferson River.

Administration Position

- Permitting cement kilns, such as Ash Grove, is a low priority until EPA has completed promulgation of standards for this type of facility to burn hazardous wastes.

Administration Accomplishments

- EPA has been responsive to citizens with public health concerns associated with burning of hazardous waste by cement kilns.

ISSUE: Water Quality And Infrastructure Funding

Grants

- Montana communities will receive more than \$6 million in water infrastructure funding from EPA this year. The State will receive more than \$4 million in EPA grants to support water and other environmental programs in FY 1995.

Tri-State Implementation Council

- Through the help of EPA grants, EPA Regions 8 and 10 and the States of Montana, Idaho and Washington have sponsored the formation of the Tri-State Implementation Council. This Council is implementing the recommendations of the Clark Fork-Pend Oreille Basin Water Quality Study required by the Clean Water Act. The Council, consisting of members of local government and organizations throughout the basin, is enjoying great success in working together towards improvement of water quality.

Flathead Basin Commission

- EPA has been a member of the Flathead Basin Commission since its inception in 1984. The Commission, which is responsible for monitoring the quality of water in the Flathead Basin, recently received \$150,000 from EPA to continue their efforts to ensure the long term health of Flathead Lake.

ISSUE: Welfare Reform

Background

- HHS approved Montana's statewide welfare reform demonstration project on April 18, 1995. The *Families Achieving Independence in Montana* (FAIM) program has three main components:
 - (1) The Job Supplement Program (JSP), which consists of a set of AFDC-related benefits to assist individuals at risk of becoming dependent upon welfare.
 - (2) The AFDC Pathways Program (Pathways), in which all applicants must enter into a Family Investment Agreement requiring parents to secure child support, obtain early, periodic, screening, diagnostic, and testing services and immunizations for their children, and participate in the state's JOBS program. Pathways also will limit adults' benefits to a maximum of 24 months for single parents, and 18 months for two parent families.
 - (3) The Community Services Program (CSP) requiring 20 hours of work per week for individuals who reach the AFDC time limit but have not achieved self-sufficiency.
- The state plans to implement the project no earlier than February 1996 and no later than February 1997.

ISSUE: Mental Health Demonstration Proposal

Background

- Montana is expected to submit to HHS an 1115 demonstration waiver proposal that would extend eligibility for Medicaid mental health services through a managed care program to individuals with incomes up to 200% of the poverty level.
- The state recently enacted enabling legislation to support the project, which should speed its submission to the Department.

Administration Position

- The Department's Health Care Financing Administration has held preliminary discussions with Montana concerning the proposal and will continue to work with the state.

Administration Accomplishments

- Montana's Welfare Reform Waiver, which was approved by the Department on April 18, 1995, also included a Medicaid 1115 demonstration waiver. Among the waiver's provisions were items that would standardize eligibility requirements for AFDC, Medicaid and Food Stamps, and expand eligibility for transitional Child Care and Medicaid. The state also will require able-bodied Medicaid beneficiaries to choose between a limited services Montana Medicaid managed-care package or partial premium payment of a private health insurance policy, and limit Medicaid eligibility to a maximum of 24 months for participants of the Pathways program.

ISSUE: Social Security

Background

- Montana has a high backlog for the processing of disability cases.
- An employee in the Billings Social Security Office recently was moved from a management position to a non-management position. This employee is extremely unhappy with the reassignment.
- GSA has indicated that Billings, Montana is a "low-risk" security area. As a result, the Billings Social Security Office may lose its security guard.

ISSUE: School-to-Work

Background

- Montana received a School-to-Work Opportunities Development Grant in the amount of \$200,000 on February 18, 1994. This grant will be extended, with an additional amount of \$177,777, giving Montana a total award of \$377,777.
- This year, Senate Joint Resolution 13 in support of School-to-Work was passed by the Montana Senate by a vote of fifty to zero. The resolution had strong bipartisan support and many proponents, including parents, employers, educators, labor, and community organizations. In the House, however, the resolution underwent several amendments that removed all references to School-to-Work. In the end, since the conference committee could not resolve the differences, the resolution was tabled for the duration of the legislative session.
- The Montana School-to-Work initiative has established two organizations designed to ensure that key state actors collaborate in the planning and development of the statewide School-to-Work Opportunities system. These two organizations, the Systems Development Team and the Montana School-to-Work Advisory Board, are central players in the initiative's planning and development process.
- Montana recently awarded development grants to fifteen local communities. The purpose of these \$3,000 to \$5,000 grants is to help communities defray the start up costs associated with establishing local school-to-work partnerships. Grant recipients will use funds to identify and recruit partners, conduct labor market research, provide outreach to rural areas, hold community awareness meetings and produce and disseminate information on school-to-work in their area. The communities that received grants were: Libby, Browning, Superior, Missoula, Butte, Helena, Great Falls, Havre, Fort Belnap, Glendive, Miles City, Hardin, Bozeman, Belgrade, and Billings. Communities showed a great deal of interest in the grants - more than 30 inquired about the grants and 25 submitted applications. Grants were awarded on a competitive basis. It is envisioned that these local school-to-work systems will form the foundation of Montana's statewide school-to-work system.
- Montana has many activities planned for the upcoming months. Some key activities include finalizing recommendations for a workers' compensation package for school-to-work students; providing professional development for educators; hosting a business roundtable; providing on-going technical assistance to local partnership grant recipients; and holding two grant-writing workshops to assist communities interested in applying for Federal School-to-Work Local Partnership or Urban/Rural Opportunities Grants.

ISSUE: Technology and Competitiveness

Background

- Under Secretary for Technology Mary Good will be participating in a two day technology and competitiveness forum in Bozeman and Missoula Montana -- May 31 and June 1, 1995, respectively. This event is part of our ongoing PACE (Partnerships for a Competitive Economy) regional outreach to Office of Technology Policy customers -- namely those businesses that are using civilian technology to grow the economy by adding jobs, increasing sales and boosting exports.

Administration Position

- Under Secretary Good will give the May 31 luncheon address at Montana State University in Bozeman which will include presentation of a 4-minute **video narrated by the President** in which he outlines and emphasizes the **importance of technology**.
- Suggested Quote for the President:
"My Under Secretary for Technology at the Department of Commerce, Mary Good, is in Bozeman today and Missoula tomorrow working with your business leaders to develop a national strategy for promoting civilian technology's effect on economic growth -- that translates into more and better jobs."

ISSUE: Economic Development Grants (FY 1994)

(Grants Exceeding \$250,000)

Recipient	Location	Amount
Butte - Silver Bow	Butte	\$446,400
N Cheyenne Tribe	Lame Deer	\$600,000
Anaconda / Deer Lodge County	Anaconda	\$797,200
Fort Peck Tribes	Poplar	\$411,750

ISSUE: Technology and Information Infrastructure Grants (FY 1993 - FY 1994)

Recipient	Location	Amount
Hall Elementary School District No. 8	Hall	\$3,000

ISSUE: Essential Air Service

Background

- Under the Essential Air Service (EAS) Program, the Department of Transportation currently subsidizes scheduled air services at small airports throughout the country. In Montana seven communities have this service: Glasgow, Glendive, Havre, Lewiston, Miles City, Sidney, and Wolf Point.
- The population of these communities ranges from about 10,000 to less than 3,000. Billings is between 97 miles and 245 miles away from these towns and the nearest medium hub airport is Salt Lake City, 387 miles from Billings.
- The service has been operated by Big Sky Airlines, which operates between Billings and these communities. The subsidy is about \$3.5 million annually which represents about 70% of Big Sky's revenue.
- Should the subsidy be eliminated, Big Sky would cease operations. Because the markets are so small, it is doubtful any carrier would replace Big Sky, leaving these communities without air service.

Administration Position

- The Administration has proposed ending all funding for the EAS, effective October 1, 1995. Short of a complete end to funding, the National Performance Review (NPR) previously recommended cuts, which would severely affect Montana. In particular, NPR proposed eliminating service where the subsidy is greater than \$200 per passenger, regardless of proximity to other airports. Glendive, Lewiston and Miles City all currently have subsidies above the \$200 level. In addition, the other communities would likely lose EAS under the NPR recommendations.
- Senator Max Baucus (D-MT) introduced a Sense of the Senate resolution on May 25, which passed unanimously, that endorses continuation of the EAS. This resolution is attached to the budget plan.

ISSUE: NATIVE AMERICANS - GENERAL BACKGROUND

Background

- There are seven federally recognized Indian tribes in Montana: Blackfoot, Rocky Boy, Crow, Ft. Belknap, Ft. Peck, Northern Cheyenne, and Flathead.
- Two tribes (Flathead and Rocky Boy) are currently participating in the Self-Governance Project, which allows them flexibility to redesign federal programs and reallocate funding to meet local tribal priorities.
- All tribes are concerned about the impact of proposed budget cuts by the Congress. There is a clear difference in the President's budget compared to that of Congress. The President's budget recommended a government wide increase of \$434 million over last year. Its BIA budget proposes an 8% increase. The House budget resolution calls for a 12% cut from last year's level. Other programs that benefit tribes, such as the Indian Health Service, are also slated for severe cuts under the House and Senate budgets.

Administration Position

- **Sweetgrass Hills:** Many tribes across the northern plains and residents of the local communities have asked Secretary Babbitt to protect this sacred area from development. It is used for religious ceremonies by tribes and for recreation. The Department of the Interior has prepared a draft (EIS on withdrawing the land from future mining claims. A decision will be made by August 2, 1995. There is overwhelming support for protection of the area by the local communities, tribes, Senator Baucus and Congressman Williams.
- **National Bison Range:** The Salish-Kootenai Tribe has expressed interest in managing some functions of the Range (which is currently managed by the U.S. Fish and Wildlife Service). Under legislation approved last year which expanded the Self-Governance Program, participating tribes can negotiate agreements allowing tribal management of programs under the jurisdiction of the Department of the Interior. Negotiations may begin this summer, to be completed by September 30. Senator Burns has expressed concerns about tribal management.
- **Rocky Boy Water Settlement Negotiations:** Secretary Babbitt's office is currently negotiating a settlement to resolve Indian water rights claims by the tribe. Negotiators met in Denver last week.
- The National Park Service and the Crow Tribe are negotiating the return of tribal lands that had been managed by the Park Service in the Bighorn Canyon National Recreation Area under an illegal agreement made in the 1960's. Talks are going well and expected to conclude in June.

- Last year, the Montana U.S. Attorney seized slot machines from the Crow Tribe because of a dispute between the State and the Tribe over the number of machines allowed under the Tribal-State gaming compact. The Tribe probably believes the action is an infringement on tribal sovereignty.

Administration Accomplishments

- **Crow Boundary Dispute Settlement:** Last year legislation was approved implementing a settlement negotiated by the Department of the Interior. The Crow tribe will receive, among other things, the earnings of an \$85 million trust fund established to compensate the Tribe for a 1891 survey error. Secretary Babbitt celebrated the signing of the agreement at a ceremony in his office last year.
- The U.S. recently filed a brief in support of the Crow tribe's claim that the State and county had illegally taxed reservation coal resources. We have asked for \$58 million to be returned to the Tribe.

ISSUE: VA and BIA Agreement to Offer Direct VA Loans to Native American Veterans

Background

- The Veterans Administration (VA) Native American Direct Loan program is an important new home ownership opportunity for Montana veterans.
- Historically, veterans residing on the reservation have been unable to take advantage of their VA home loan guaranty benefits, because of restrictions in utilizing these benefits for homes built on Indian trust lands, including the non-alienability of these lands in cases of foreclosures. Since the tribes have a variety of different types of reservation land-holdings (e.g., allotted lands, leasehold lands, etc.), it is necessary for the Administration to establish individual Memorandum of Understanding (MOU) with the various tribes.

Administration Position

- A Memorandum of Understanding between BIA and VA was signed on May 9, 1995, that paves the way for direct VA loans to Native American veterans who reside on tribal lands on the reservations. This is especially important for Montana, since there are seven Native American reservations within the state.
- The VA will continue to strive for maximum participation in this program by Native American tribes.

Administration Accomplishments

- Six of the seven reservations in Montana are well on their way to completion of agreements. The present status of these individual MOU's are as follows:
- Five tribes have MOU's completed which are now or will soon be under review by the VA's General Counsel. Reservations included in these MOU's include the Blackfeet, Ft. Belknap, Salish-Kootenai, Ft. Peck and Rocky Boys.
- One tribe has drafted a memorandum which is currently under review by tribal members, preparatory to submission to VA's General Counsel. This affects the Northern Cheyenne reservation.
- The Crow Agency reservation has not yet drafted an agreement.
- The VA Loan Guaranty Division has taken a proactive stance regarding these important opportunities for Native American veterans. A team of two Loan Guaranty staff members are meeting with tribal staff on a continuing basis to assist with completion of these agreements and to provide members of the tribe information about the direct loan program. This team just completed a trip to the Ft. Belknap, Ft. Peck and Rocky Boys reservations, and have scheduled another trip to the Crown Agency and Northern Cheyenne reservation in early July.

ISSUE: Confederated Salish-Kootenai Tribes Treatment As State Decision

Background

- In February 1995, EPA granted "Treatment as State" (TAS) status to the Confederated Salish-Kootenai Tribes (CSKT), allowing them to set water quality standards to be approved by EPA for surface waters on the reservation, which adjoins Flathead Lake in northwest Montana.
- While EPA has previously approved TAS status on water quality standards for seven other tribes in three states, this decision is controversial in Montana. Roughly half the land on the reservation is owned by non-Indian irrigators who are politically very conservative, and strongly objected to EPA's decision.
- On May 4, the State of Montana filed suit in Federal District Court to overturn the Agency's decision. U.S. Senator Conrad Burns (R) has also strongly opposed EPA's decision.
- However, water quality standards can be implemented only through permits and enforcement. Both the CSKT and the State have publicly expressed interest in negotiating a cooperative agreement covering permitting and enforcement on the reservation. An initial meeting to this end has occurred.

Administration Position

- For TAS, tribes must demonstrate the technical capability and jurisdiction to exercise this authority effectively, as the CSKT did. This is consistent with more than two decades of Presidential policy regarding government-to-government relations with tribes, and with EPA's Indian Policy -- to recognize tribal sovereignty based on those factors -- established in 1984.

ISSUE: Small Business Administration (SBA) Native American Outreach

Background

- The Montana SBA Office continues to emphasize outreach to the Indian population. In FY 94, the office processed 21 loans for \$3.1 million; this fiscal year (to 5/18) has already exceeded FY 94 with 22 loans for \$2.74 million.
- SBA has also established the Native American Network for Entrepreneurial Training (NANET). NANET uses experienced business people, preferably Native American, to provide ongoing, long term volunteer counseling, to emerging and established businesses on reservations.

ISSUE: Native American Health

Background

- The provision of Federal health services to American Indians and Alaska Natives (AI/AN) is based upon a special relationship between Indian tribes and the United States government first set forth in the 1830's by the U.S. Supreme court and reconfirmed by numerous treaties, statutes, and constitutional provisions.
- Federal responsibility for AI/AN health care passed among many different government entities until 1955 when responsibility for providing health care to AI/AN was officially transferred to the Public Health Service, which created the Indian Health Service (IHS).
- The goal of the IHS is to raise the health status of AI/AN to the highest possible level. IHS provides a comprehensive health services delivery system for approximately 1.4 million AI/AN living on or near reservations.
 - IHS is composed of 11 regional administrative units called Area Offices. Montana and Wyoming are served by the Billings Area Office.
 - IHS service provision is managed by 143 Service Units (there are 8 service units in the Billings Area).
 - IHS either operates directly, or supports the tribal operation of: 50 hospitals and over 450 outpatient facilities. In Montana, there are three IHS hospitals, six IHS Health Centers and five environmental health field offices.
- The creation of the IHS has been credited with the substantial improvements in health status of American Indians and Alaska Natives. Between 1973 and 1991:
 - the incidence of tuberculosis dropped by 74%,
 - the infant mortality rate dropped by 54%,
 - the maternal death rate dropped 65%, and
 - the accident death rate dropped by 54%.
- However, a large gap remains between the health status of AI/AN's and that of the rest of the U.S. population. In 1991, the age-adjusted mortality rates for AI/AN were considerably greater than the rates for the U.S. overall for the following diseases:
 - tuberculosis - 440 percent greater
 - alcoholism - 430 percent greater
 - accidents - 165 percent greater
 - diabetes mellitus - 154 percent greater
 - homicide - 50 percent greater
 - pneumonia and influenza - 46 percent greater
 - suicide - 43 percent greater

ISSUE: Small Business Activity

Background

- The Montana SBA Office continues to work aggressively with the financial community to significantly increase access to capital throughout the state. Loan approvals for the previous two fiscal years through 5/18 show a 31% increase for the FY 93 to FY 94 period and a 62% increase for the FY 94 to FY 95 period:
- Total FY 94: 654 loans for \$121,943,881
Total FY 93: 501 loans for \$104,229,034
- Much of this increase can be attributed to the popular Low Documentation (LowDoc) lending program which represents 48% of total loan volume at 288 loans for \$14,563,284. As a bank vice-president, Don Cahill of Yellowstone Bank in Laurel, Montana, understands how frustrating, confusing, and intimidating the stacks of forms, applications, and statements used to be for someone needing a loan. Referring to LowDoc, Cahill said, "it's user-friendly; the only thing the borrower deals with is a one-page application form. In the past, there have been a lot of projections, estimates, and loan histories. This cuts the paperwork by 90%."
- Last year, SBA loan programs collectively created or sustained 6,953 jobs, many in economically depressed rural areas. In 1995, we expect this number to increase to 8,000 jobs. The majority of volume (81%) is in rural areas; 232 of the 288 loans come from statistically rural towns.
- Our other piece of economic development is providing "access to information and technical assistance". In 1994, the SBA-sponsored Small Business Development Centers (SBDCs) in Montana provided one-on-one counseling to 1,760 businesses and trained 2,998 attendees in 202 business training sessions. Through March of this current year, 934 entrepreneurs received counseling and trained 2,546 attendees in 145 sessions, marking a 25% increase in total clients served. The all-volunteer Service Corps of Retired Executives (SCORE) is also increasing its service delivery at a fast pace. To date, 697 clients have received counseling, marking a 12% increase over last year.

ISSUE: White House Conference on Small Business (WHCSB)

Background

- The Montana WHCSB produced many excellent recommendations for regional WHC consideration. Among those was in the area of Capital Formation where it was recommended that Congress strengthen the capital gains exclusion as provided in the Omnibus Budget Act of 1993 (OBRA) by expanding the definition of an individual investor to include private capital and venture capital funds and qualified small businesses to include S corporations and limited liability companies.
- Also put forward in the area of taxation were two recommendations: First, that Congress provide for rollover on capital gains from a sale of a small business if reinvested within one year in a qualifying replacement business; and Second, that Congress should change the rules for home office deductions for home-based businesses and instead of relying only on the hours worked, the necessity for an office for recordkeeping and files should receive consideration.
- The Montana WHC also put forth the additional recommendations cosponsored by North Dakota and Iowa respectively: First, the Congress should allow all businesses to deduct 100% of their health insurance premiums; and that timeliness in the collection of trade leads should be improved by coordinating the U.S. Embassies, Chambers of Commerce, Banks, Trade Centers and other public/private sources to gather information on actual or potential purchases of goods and services that U.S. companies may be able to provide.

ISSUE: Montana's Economy Ranked in Top Five

Background

- The Corporation for Economic Development, a Washington-based think tank, ranked Montana within the top five states nationally for its economy based on the factors of economic performance, business vitality and development capacity.
- Montana's small business does have a couple of areas of concern, however, with respect to its economic climate. First, the state has a very high personal property tax. Second, the state has a very high cost of workers' compensations insurance. This is due in part to the state's attempts to begin to pay-off what is known as the "old fund liability" through higher taxes. This worker's compensation liability grew over the years and was only first addressed last year. The state even increased the tax on federal employees who have never even been part of the state's workers' compensation pool. Two class action suits convinced the state legislature to stop charging federal employees, but it is still high for everyone else, including small businesses.

ISSUE: Malstrom Air Force Base

Background

- The 1995 Base Realignment and Closure Act (BRAC) recommendation would close the airfield at Malstrom Air Force Base (AFB) and relocate the 43rd Air Refueling Group and its twelve KC-135 aircraft to MacDill AFB in Florida.
- The 341st Missile Wing (consisting of Minuteman III missiles) will remain at Malstrom AFB and the 40th Rescue Flight (consisting of helicopters) will continue to support missile wing operations.
- Senator Baucus' concerns about possible relocation of the Minuteman III missiles were allayed since the 341st Missile Wing was not on the BRAC's list.

Administration Position

- BRAC '95 is the third round of base closures estimated to save taxpayers \$700 million/year. BRAC recommendations are taken from the Department of Defense and sent to the BRAC Commission for review before the President and Congress approves or disapproves of the list. The BRAC Commission is currently conducting hearings on all recommendations.

ISSUE: Police Grants

- Forty-nine communities in Montana, (including Billings, Bozeman, Helena, and Missoula) received grants totaling \$4.6 million to hire 71 new police officers.

ISSUE: Violence Against Women Grants

- On May 23, the Attorney General announced that Montana will receive the third Violence Against Women Act grant awarded by the Clinton Administration. The grant, totaling \$425,000, will help communities fund women's shelters and crisis centers, hire new prosecutors, and pay for rape crisis therapists, victims' advocates and domestic violence hotlines. The grant is from \$26 million in funds authorized for FY 1995 under the Violent Crime Control and Law Enforcement Act.

ISSUE: Brady Bill

- A March 1994 civil law suit was filed in Federal District Court against the United States requesting the United States be enjoined from implementing and enforcing the Brady Bill and determining the Brady Bill to be unconstitutional. Federal District Court Judge Charles C. Lovell found in favor of the plaintiff, determining that the Brady Bill was unconstitutional. The case has been appealed to the Ninth Circuit Court of Appeals and is pending resolution.