

The State of Working Montana

June 2, 2010



The State of Working Montana series explores the state of Montana's economy from the perspective of its workers and documents how they are faring. In this installment on inequality for American Indians in Montana, and in every report in this series, our analysis goes beyond the top-level indicators that many use to evaluate the Montana economy. Instead, we focus on what matters to people who live and work in Montana.

In this spirit, this report focuses on the social and economic disparities impacting Montana's American Indian people and communities.

A Legacy of Inequality for American Indians in Montana

The twelve tribal Nations and seven Indian reservations of Montana encompass richly complex diversity, cultures, histories, talents, and resources. The tribal Nations and their members have contributed immeasurably to the development of the state's history, culture, and economy. Unfortunately, just as Montana's tribes influenced our nation's and our state's development, the U.S. government has had a profound and sometimes devastating impact on the nation's American Indian population.¹ In this installment of the Montana Budget and Policy Center's State of Working Montana, we explore dramatic racial and economic inequality plaguing Montana. While a recounting of the complex history between the federal and state governments and Montana's tribal Nations is beyond the scope of this report, the data analysis provided here is, in many ways, the legacy of centuries of damaging policies and practices by the federal government and lingering negative stereotypes about American Indians.

"The federal government's interpretation of its trust duty... has resulted in regulation of Indian tribes and Indian people in everything from their religion and government to their land and natural resources... They have imposed alien practices on tribal politics and government. They have interfered with the rich Indian education system that was in place prior to "discovery" in 1492."

-Denise Juneau, "Indian Education for All" in Montana's Agenda, Autumn 2006.

Employment and Unemployment

The economic disparities faced by American Indians in Montana is not a new problem or unique to Montana. A major cause of the disparities is the lack of jobs on reservations, in particular private sector jobs. "Indian nations need large numbers of jobs. But they also need jobs that last, jobs that are less vulnerable to political whims in Washington, and jobs that meet community needs and opportunities."²

Conventional measures of unemployment show that American Indians face unemployment rates over three times as high as the Montana population as a whole (Figure 1 on Page 2). However, measuring unemployment for the American Indian population in Montana is difficult. The conventional method used by the American Community Survey (and most other research entities) substantially underestimates the unemployment for American Indians, particularly on reservations.³ The conventional definition of unemployment counts only

those who are not working but looking for work as unemployed. Those who have become discouraged by the lack of employment opportunities and have stopped working are not counted as unemployed. The prevalence of discouraged workers is particularly large in small communities where social networks are strong, like reservations. Individuals know when a job is available and do not seek work at other times.

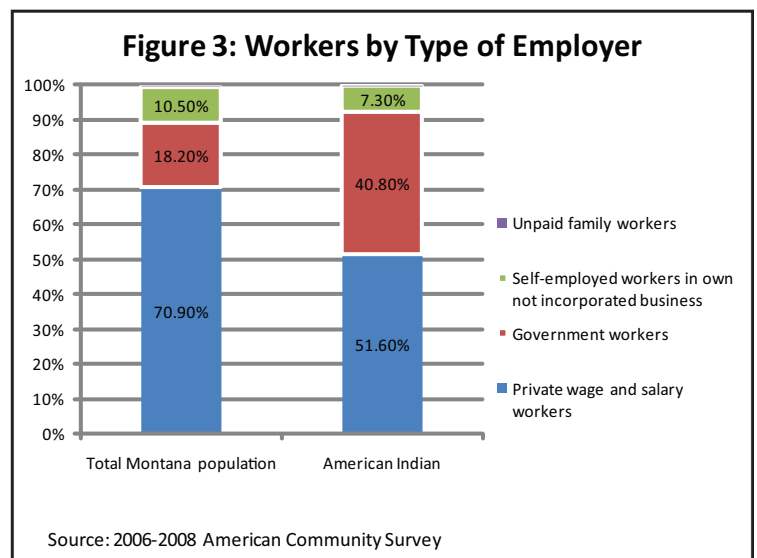
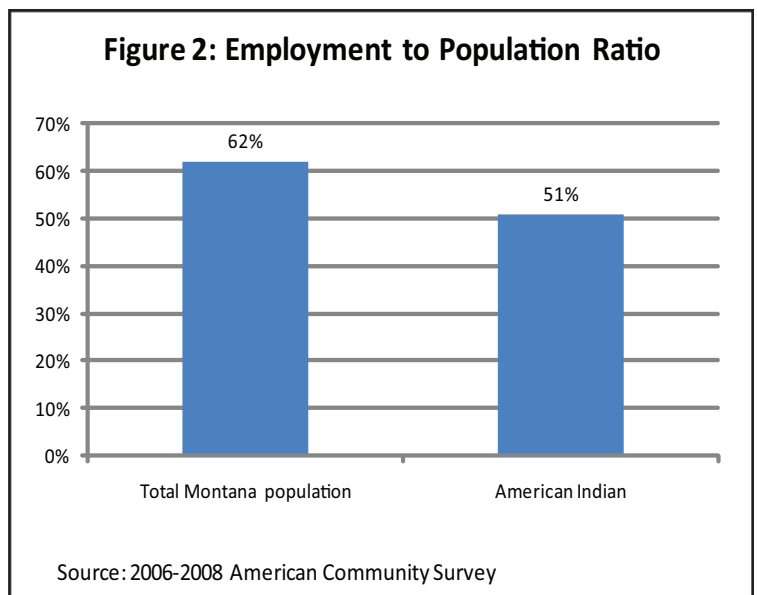
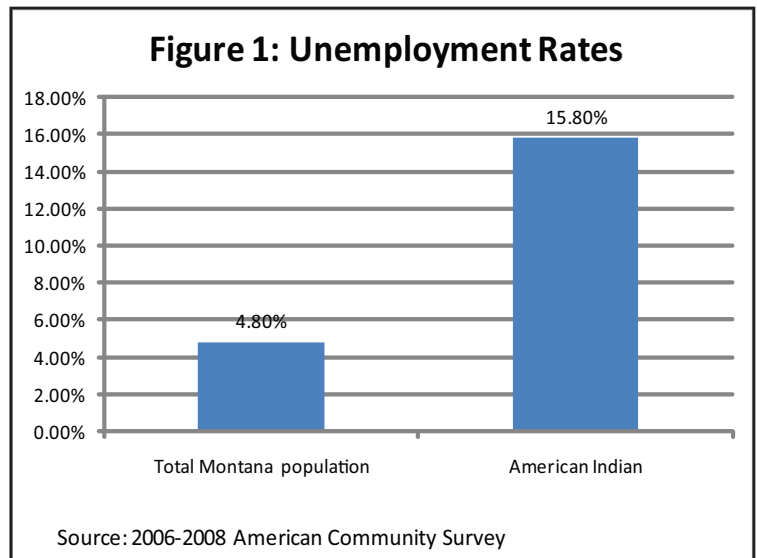
In recognition of this problem, until 2005, the Bureau of Indian Affairs estimated a much broader measure of unemployment for reservations. Their estimates were dramatically different from the conventional unemployment rates. For example in 2005, the BIA estimated unemployment on the Blackfeet Reservations at 69% while the official measure was 13.1%⁴. Since the BIA measure is no longer available, the employment ratio (the ratio of the working age population to the number employed) is utilized rather than the conventional measure. Fifty-one percent of American Indians in Montana (aged 16 or older) are working compared to 62% of Montanans as a whole (Figure 2). Employment rates calculated to account for discouraged workers, serve as an estimate (albeit not a perfect one) of the gap between employment needs and employment opportunities. These data suggest that reservations, especially rural reservations, face enormous job gaps.⁵

Employment by Type of Employment

American Indians in Montana are much less likely to work for private employers than the state as a whole. Fifty-two percent of American Indians work for private employers compared to 71% of the state as a whole (Figure 3). Conversely, American Indians are much more likely to work for a government, 41% compared to 18% for Montana as a whole. Public sector (government) jobs have been extremely important for Indian Country, in Montana and across the nation. Given the dearth of private sector jobs, the American Indian workforce based on reservations has depended largely on government employment.⁶

Wages and Income

On multiple measures, American Indians in Montana have less economic security than the state as a whole. Median household income is \$27,637, which



is over \$16,000 (37%) less than Montana as a whole (Figure 4).

Wages for fulltime full year workers also display disparities. American Indian men earn over \$7,000 less than the state average for men. American Indian women earn \$2,800 less than the state average for women (Figure 5).

Poverty

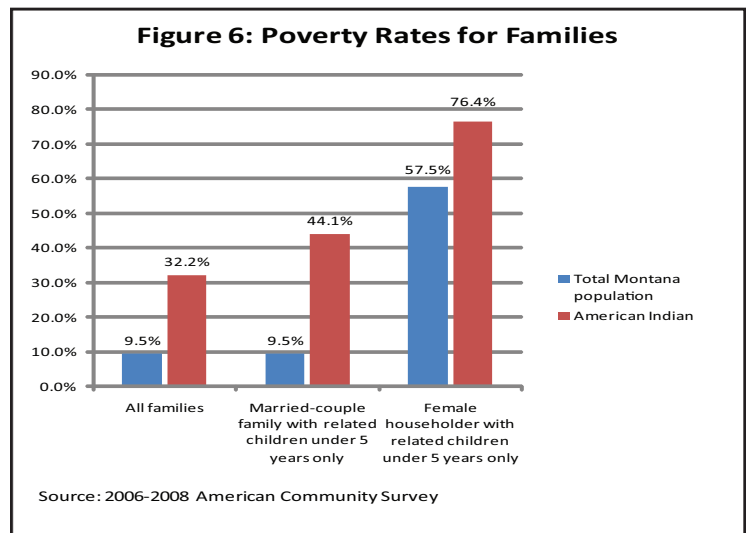
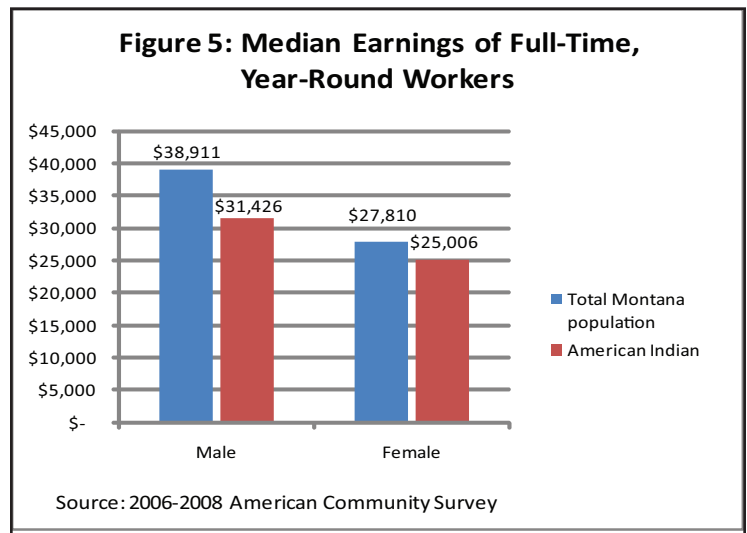
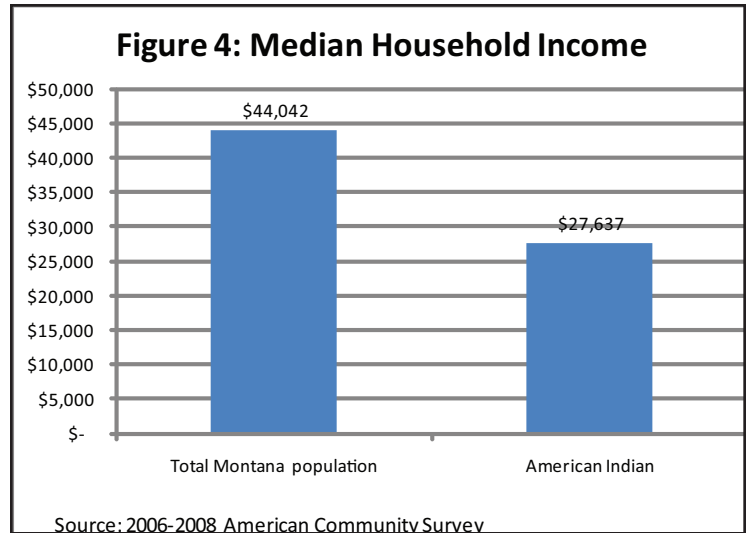
Given lower employment rates and lower income, it comes as no surprise that American Indian poverty rates are substantially higher than the state as a whole. The poverty rates for American Indians are 35% compared to 14% for Montana (Figure 6). Montana’s poverty rate is above the national average for both the entire population and American Indians. However, deep disparities exist across all age groups. American Indian children are more than twice as likely to be in poverty, with 42% living below the poverty line.

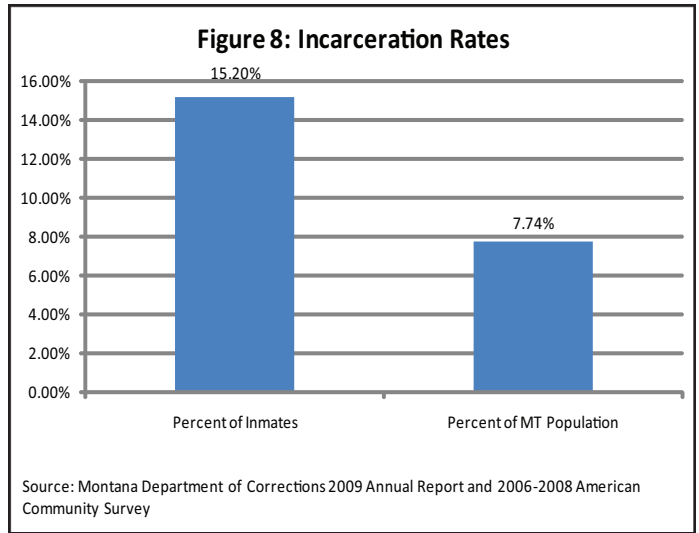
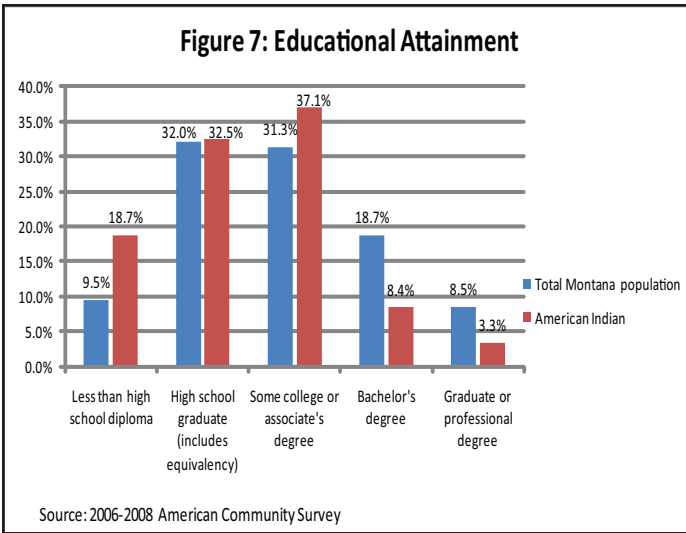
Educational Attainment

Racial disparities in educational attainment are not as consistent as other economic indicators. American Indians are almost twice as likely to have less than a high school diploma as the total population (Figure 7 on Page 4). American Indians are slightly more likely to have graduated from high school or completed some college. However, there are large racial disparities in bachelor’s degrees. American Indians graduate college at less than half the rate as the Montana population. The disparity worsens for graduate degrees, where American Indians receive graduate degrees at one third the rate of Montana as a whole.

Incarceration

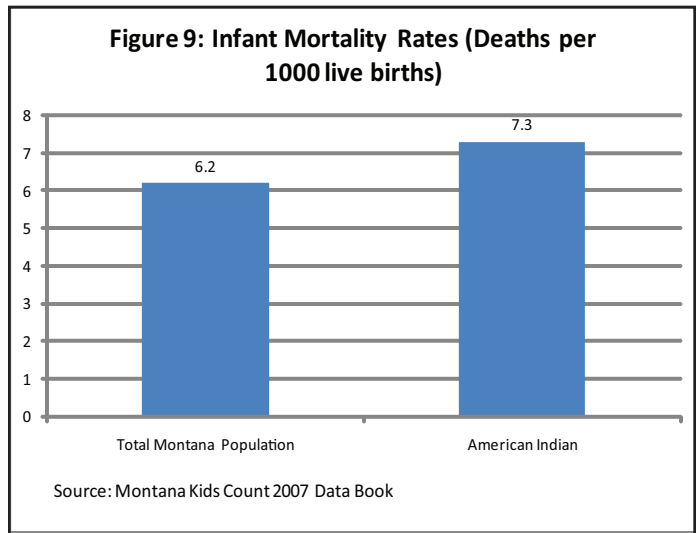
Incarceration rates are substantially higher for American Indians in Montana than for the population as a whole. American Indians make up 7.74% of the Montana population, but represent 15.2% of the inmates in prisons and jails (Figure 8 on Page 4). The interactions between wealth, poverty, employment, race and incarceration are complicated. However, one of the many important implications of incarceration is that you cannot work and contribute to supporting your family and community.





Health

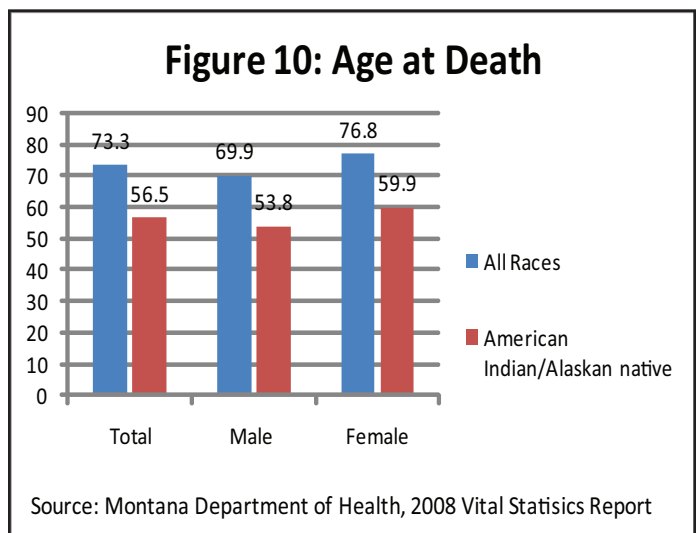
The link between health and employment is clear. Only when healthy can individuals be expected to perform at their best on the job. Poor health may preclude some from working at all. American Indians in Montana experience a diminished level of health compared to the population as a whole. Some of the deepest inequities are in health outcomes. The infant mortality rate is the number of children per thousand who die before their first birthday. It is a widely used indicator of the status of the health of a population because it is associated with the availability of health services, education and economic development. In Montana, American Indians have a higher rate of infant mortality than the population as a whole (Figure 9).



Measuring health at the other end of life, the age at death is substantially younger for American Indians, who die on average 16 years earlier than Montanans as a whole (Figure 10).

Conclusion

The twelve tribes comprising Montana's seven Indian reservations played an essential role in the state's pre-existence, creation and development. Today, Montana's American Indian populations continue to profoundly influence the state's economy and culture. However, using virtually every measure of economic, social, and physical well-being, American Indians continue to suffer from an opportunity gap, making it difficult for American Indian children, families, and communities to achieve prosperity. Understanding this opportunity gap is a necessary first step to identifying state policies that ameliorate a legacy of inequality and ensure all of Montana's children have the opportunity to thrive.



Appendix

Data Limitations

The data used in this report came primarily from three-year averages contained in the 2006-2008 American Community Survey sponsored by the U.S. Census Bureau. These three-year estimates derive from data collected between January 2006 and December 2008. While one-year estimates (collected from January 2008 to December 2008) contained in the 2008 ACS are more current than averages derived from three years, the sample size is comparatively smaller.

Despite the larger sample size in the 2006-2008 ACS, it still has limitations in sample size for American Indians in Montana. This is because American Indians make up only eight percent of the state's population. Because the ACS is based on a sample rather than a survey from of all housing units and people living in a group, there's a degree of uncertainty associated with the estimates. This is called the sampling error, and each data point contains one. The larger the sample size, the more accurate the estimates are and the smaller the sampling error. The ACS expresses the sampling error by showing the "margin of error" contained in each estimate. The margin of error is the difference between an estimate and its upper and lower confidence bounds. Margins of error are often expressed beside numbers in polls taken by news outlets as +/- an amount.

For example, Table 1 below shows estimates and the margin of error in the 2006-2008 ACS data for median household income for the total Montana population and American Indians in Montana.

Table 1: Median earnings (dollars) full-time, year-round workers				
	Total Montana population	Margin of Error (+/-)	American Indian	Margin of Error (+/-)
Median Household Income	44,042	537	27,637	3,020
Source: 2006-2008 American Community Survey				

The ACS uses a confidence interval of 90 percent, meaning that you can be 90 percent confident that the median household income for the total Montana population is +/- \$537 from the estimate of \$44,042. The margin of error is over five times greater for American Indians than for the total population. Expressed as a percent, the margin of error in the above estimates is +/- 1 percent for the total Montana population and +/- 11 percent for American Indians. Thus, the estimates given for American Indians have a broader range and a less accurate estimate.

Endnotes

1. See Felix S. Coheen, Handbook of Federal Indian Law (Washington, D.C.: United States Government Printing Office, 2005) and Lyman H. Legters and Fremont J. Lyden, eds., Self-Governance and Economic Development (Westport, CT: Greenwood Press, 1993).
2. Brown, Eddie F., Leslie S. Whitaker, Melinda Springwater, Stephen Cornell, Miriam Jorgensen, Michelle Hale, and Ami Nagle. 2001. *Welfare, Work and American Indians: The Impact of Welfare Reform.*
3. When using the American Community Survey, group identified as American Indian is actually "American Indian and Alaska Native alone or in combination with one or more other races."
4. Bureau of Indian Affairs, U.S. Department of the Interior and Montana Department of Labor and Industry http://www.ourfactsyourfuture.org/admin/uploadedPublications/1935_IndianLaborMarket_wCSK.pdf .
5. Cornell, Stephen. "We Gotta Get Somethin' Goin' Around Here! Welfare Reform, Job Creation and American Indian Economies." Paper presented at Empowering American Indian Families: New Perspective on Welfare Reform, St Louis, May 5-6, 2000.
6. Brown, Eddie F. et al, 2001. *Welfare, work and american indians: The impact of welfare reform.*