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UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS
TRIBAL LEADERS CONSULTATION MEETING
OKLAHOMA CITY, OKLAHOMA
WEDNESDAY, JANUARY 17, 2007

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In Attendance:

- USDA: Roberto Salazar, Nancy Theodore, Bill Ludwig, Don Arnette, Betty Veasley, Lanna Kirk, Rosa Coronado, Lou Hankins, Chris Hennelly
- TRIBAL: Mandy Armijo, Larry BullComing, Florence Calabaza, Della Cherry, Fi Davis, Gale Dills, David Dunson, Tara Gibson, Jeff Harjo, Jennifer Hayes, Troy Littleraven, Anita Lowe, Marilyn Mayfield, Landis McClellan, Lisa Mullens, Melinda Newport, Roxanna Newsom, Beth Parker, Gene Peka, Jaime Prouty, Linday Rayon, Kay Rhoads, Ella Sands, Celia Simplicio, Terry Spencer, Bud Squirrel, Claude Sumner, Clifford Swift, Randy Wade

1 MR. LUDWIG: Good morning. Can you hear
2 me in the back of the room? If you get to the point
3 where you can't hear us, let us know, and we'll see what
4 we can do about having the microphone turned up.

5 My name is Bill Ludwig. I'm the Regional
6 Administrator for USDA, Food and Nutrition Service, in
7 Dallas, Texas. We're very fortunate today in that we
8 have a lot of folks here from all over the country to
9 listen to the comments.

10 We have Don Arnette, who is my counterpart,
11 who will speak in just a second, from Atlanta, Georgia,
12 and we are honored to have our administrator, the big
13 boss from Washington, D.C. with us, Roberto Salazar.

14 We also have a number of staff people that
15 have made this happen, the ones who have really been the
16 boots on the ground, that have made this possible, and I
17 would like to introduce them.

18 We have Betty Veasley, who is our Child
19 Nutrition Director in Dallas, Texas, who works for me.
20 We have Rosa Coronado, works for Betty, who works in
21 Child Nutrition.

22 We have Chris Hennelly. Chris, are you
23 around?

24 MS. HENNELLY: Hello.

25 MR. LUDWIG: There's Chris. Chris is the

1 lady who really has been the boots on the ground and has
2 gotten the hotel and made all of the arrangements. And,
3 Chris, we certainly want to thank you for doing all of
4 that.

5 We also have Lou Hankins, who is here in our
6 Oklahoma City office, and who has been working with
7 Chris. And then we have Lanna Kirk from the Southeast
8 Region, Child Nutrition Director. So we have quite a
9 few folks here with FNS, and that kind of signifies the
10 significance of this event.

11 I want to thank all of you for braving the
12 weather to get here. I know some of you flew in last
13 night. I flew in yesterday afternoon. I may not fly
14 out for a couple of days. They've got an ice storm in
15 Dallas. Those of you who have plans to go to back
16 through Dallas, you may have some problems.

17 With that, I'm going to come back up and talk
18 a little bit about the procedures, but I would like to
19 turn it over right now to my good friend and colleague,
20 Don Arnette.

21 MR. ARNETTE: Thank you, Bill, and good
22 morning, everyone. It has been a long time since I have
23 seen many of you. I have enjoyed the opportunity to
24 personally say hello. For those of you that I haven't
25 said hello to personally that I have known over the

1 years, I look forward to doing just that later during
2 our break.

3 I would also like to welcome you here today
4 to thank you for taking your valuable time to listen to
5 this proposal and to sharing your ideas with us. In
6 addition, I would also like to thank the Southwest
7 Region. I must say that when we in the Southeast
8 learned about the meetings to talk about the
9 opportunities we have, we thought partnering with the
10 Southwest was the best. It has worked out extremely
11 well, and we appreciate the time and effort that it
12 takes to host such a meeting, and I just want to say to
13 Bill and the Southwest team, thank you for hosting this
14 meeting for us.

15 Bottom line, we are looking forward to the
16 dialogue that we are going to have today. And this is
17 an important meeting. We need to hear from everyone.
18 We need to hear your concerns and ideas. And with that,
19 I will turn it back to Bill, because we have other
20 things that need to be expressed this morning. Thank
21 you.

22 MR. LUDWIG: What Don didn't say -- many
23 of you know Don. He used to be here for many years in
24 the Southwest Region. He was the Deputy Region
25 Administrator, and then went to Washington and did a

1 stint in Washington, and then realized that it was
2 better to get back out to the regions and went to
3 Atlanta.

4 Next, I would like to introduce my boss,
5 Roberto Salazar. Roberto has been with USDA now for
6 about five years, hasn't it been, Roberto? How quickly
7 time passes.

8 Roberto came to us from the State of New
9 Mexico. He has many years of experience in all of these
10 programs, and specifically in the Food Distribution
11 Program on Indian Reservations, and that is one of the
12 reasons he wanted to be here with us for this meeting.
13 And with that, I would like to have Roberto come up.

14 MR. SALAZAR: Good morning. Thank you
15 for travelling during this particular time of year. It
16 is not a pleasant time to be travelling with all of this
17 weather, but I do appreciate you taking the time and
18 making the effort to be here.

19 Bill will explain the process we are going to
20 go through this morning. You will hear our
21 presentation, and then more importantly, we are here to
22 listen to you, not have you listen to us. We want to
23 have you give us your thoughts and your concerns. This
24 has been a very long and deliberative process. It has
25 not been an easy process for those of you who have been

1 working on this in the past years, and I want to thank
2 you personally because I know this has been difficult.
3 This is our opportunity to find out where we're at, what
4 is being proposed, and to hear your thoughts, to consult
5 with all of you and to hear your ideas so that we can
6 proceed.

7 If we wanted to take the easy path, we might
8 have just said, leave it alone, let's not do this, it's
9 too difficult to take in hand, it's too much of a hard
10 challenge, too much hard work, because there are so many
11 different governments and entities involved. And it is
12 about change, and change is always difficult. But in
13 the end, we have to realize we have to move forward and
14 improve our program and make sure that we serve
15 everybody equitably and fairly and effectively. So we
16 are eager to hear from you.

17 Thank you again for taking the time to travel
18 here today. I need to hear your comments. I will ask
19 you, when you speak to share your thoughts, to please
20 speak as clearly as you can. We have a stenographer
21 here, who is reporting everything we say. Because it is
22 so important that we record your comments, I will ask
23 the stenographer to feel free to interrupt at any time
24 that she needs, to clarify, to make sure she has heard
25 you clearly. So please understand that we want to

1 capture everything you tell us.

2 Thank you for being here again.

3 MR. LUDWIG: For those of you who have
4 heard me speak before, you know I normally don't follow
5 a script. I'm not very good at reading a speech. But I
6 have been warned this time, not to deviate, that I have
7 to read the script. And there is a reason why I have to
8 read the script. There is going to be four of these
9 meetings. The first one took place last week in Green
10 Bay. This week here in Oklahoma City. Next week, in
11 Rapid City, and the following week in San Francisco. So
12 they want to make sure that this same message gets out
13 to everybody.

14 So with that, let me go through my talking
15 points, so that I know that I touch all of the bases.

16 I should have mentioned that we have Nancy
17 Theodore with us from Washington, D.C. Nancy has kind
18 of shepherded this project for the last couple of years.
19 She has had a lot of meetings. She was with the Work
20 Group as they put their thoughts together, and when I
21 finish, Nancy will actually make a presentation of about
22 30 minutes of what they have come up with.

23 Once Nancy finishes, then what I'm going to
24 do is kind of facilitate. We want all of you who want
25 to speak to have an opportunity to do that. I'm going

1 to ask you to come up to the microphone and give your
2 comments. If you have some written comments or typed
3 comments, we would also like to have those when you
4 finish.

5 This meeting marks a key milestone in an
6 important process to address concerns in the way that
7 FDPIR administrative funds are allocated. The current
8 methodology involves the distribution of appropriated
9 funds to the FNS regional offices based on fixed
10 percentages that have been used for many, many years.

11 Each FNS regional office has developed its
12 own methods of further allocating these funds to each
13 one of the participating Indian tribes. FNS leadership
14 has heard the concerns over the years about funding
15 inequities among the tribes, and administrative funding
16 per participant ranges differently across the nation
17 from \$100 to \$1500. We are all spending a great deal of
18 time developing, reviewing, negotiating individual
19 budgets for each FDPIR program, and well know that we
20 have to make the best use of our limited resources. We
21 have taken every step to ensure that changes to the
22 funding allocation process are considered in an open and
23 transparent way. The involvement of Indian tribal
24 officials and representatives of program participants is
25 critical to the success of this process and our common

1 goal to strengthen the FDPIR program so that eligible
2 individuals have access to a healthful diet.

3 The purpose of this meeting is to seek your
4 input on a proposal developed by the FDPIR Funding Work
5 Group for a new methodology for the allocation of FDPIR
6 funds. The Work Group members have worked diligently to
7 identify a balanced and equitable approach to allocate
8 FDPIR administrative funds in a manner that best serves
9 the programs and the individuals and families that it
10 serves.

11 We also have copies here, if anyone would
12 like a copy. In a few minutes, Nancy Theodore will
13 explain the proposal. The comments presented at this
14 meeting will be transcribed and provided to the Work
15 Group and FNS officials in Alexandria, Virginia.

16 As stated in the November 28 package, written
17 comments may also be submitted and are due March 16,
18 2007. The address for submission of comments is
19 included in the cover letter of the November 28 package.

20 The Work Group plans to meet in April 2007 to
21 consider all the comments received and developed. A
22 final recommendation will be made to Roberto Salazar,
23 FNS Administrator, for consideration.

24 Before I ask Nancy Theodore to brief everyone
25 on the proposal, I would like to ask the attendees to

1 introduce themselves so that we know who is here. Okay?
2 With that, I would like to start with this gentleman at
3 this table right here, and we will just go around this
4 table and proceed back and then down the other side.

5 MR. SUMNER: You call me a gentleman,
6 right? My position is Executive Director for the
7 Muscogee (Creek) Nation, working for Principal Chief
8 A.D. Ellis. And he couldn't make it today, so it is my
9 pleasure to be here. Thank you.

10 MS. CORONADO: I'm Rosa Coronado with
11 FNS, Southwest Region.

12 MS. CHERRY: Della Cherry, Deputy
13 Director of Community Services for Creek Nation.

14 MR. LUDWIG: You need to speak up so the
15 stenographer can get your name, please.

16 MS. SIMPLICIO: Celia Simplicio, Pueblo
17 of Zuni, Director, Food Distribution Program.

18 MS. MULLENS: Lisa Mullens, Food
19 Distribution Director, Choctaw Nation; also sitting in
20 for Chief Gregory Pyle.

21 MS. ARMIJO: Mandy Armijo, Pueblo of
22 Acoma Food Distribution Program.

23 MS. CALABAZA: Florence Calabaza,
24 director, Food Distribution Program, Five Sandoval
25 Indian Pueblos.

1 MR. WADE: Randy Wade, Chickasaw Nation,
2 Food Distribution.

3 MR. SQUIRREL: Bud Squirrel, Manager of
4 Food Distribution for the Cherokee Nation.

5 MS. SANDS: Ella Sands for the Cherokee
6 Nation Food Distribution Program.

7 MR. LITTLERAVEN: Troy Littleraven,
8 Cheyenne and Arapaho Food Distribution.

9 MR. BULLCOMING: Larry BullComing,
10 Cheyenne and Arapaho Tribes, Program Director.

11 MR. LUDWIG: Ma'am, you will need to
12 speak up for the stenographer.

13 MS. LOWE: I am Anita Lowe from the
14 Muscogee (Creek) Nation.

15 MR. PEKAH: Gene Pekah, tribal
16 administrator for Comanche Nation. Chairman Wallace
17 Coffey is attending the opening of the Indian Health
18 Service National Clinic today, and could not be here.

19 MS. PARKER: Beth Parker, Director of
20 Food Distribution Program for the Wichita and Affiliated
21 Tribes.

22 MS. PROUTY: Jaime Prouty, Director, Food
23 Distribution Program, Comanche Nation.

24 MR. HARJO: My name is Jeff Harjo. I'm a
25 council member, Seminole Nation of Oklahoma.

1 MR. DUNSON: My name is David Dunson.
2 I'm the assistant to Second Chief Alfred Berryhill, who
3 could not be with us today.

4 MR. DAVIS: My name is Fi Davis. I'm the
5 director of the Osage Nation Food Distribution Program.

6 MR. SPENCER: My name is Terry Spencer,
7 and I'm also a councilman for the Seminole Nation, and
8 I'm here representing Chief Kelly Haney.

9 MS. NEWPORT: Melinda Newport, Director
10 of Nutrition Services, representing the Chickasaw
11 Nation.

12 MS. NEWSOM: Roxanna Newsom, Chickasaw
13 Nation, Program Manager.

14 MS. HAYES: I'm Jennifer Hayes, Chickasaw
15 Nation.

16 MS. RAYON: I'm Linday Rayon. I'm the
17 Program Director for Food Distribution, Muscogee Nation.
18 I'm also a member of the Funding Group.

19 MS. DILLS: I'm Gale Dills from North
20 Carolina, and I'm the Program Director of the Eastern
21 Band of the Cherokee Tribe of North Carolina. I'm also
22 a member of the Funding Group.

23 MR. LUDWIG: Okay. What I would like to
24 do -- Nancy, did I go through the talking points?

25 MS. THEODORE: Yes.

1 MR. LUDWIG: Did I do all right?

2 MS. THEODORE: Yes.

3 MR. LUDWIG: What I would like to do now,
4 I'm going to turn it over to Nancy, let her do her
5 presentation. Once Nancy goes through her presentation,
6 we'll begin the comments. I'll come back up, and we'll
7 start with one table, with anybody at that table that
8 would like to come up and give comments. And we'll just
9 do the same thing for each table, so we can make sure --
10 one thing we want to make sure of is, anyone who has
11 comments, anyone who has any input, that you have the
12 opportunity to give that to us.

13 MS. THEODORE: Good morning. I was going
14 to do my presentation from there, but I figured I
15 probably should use the mike for the stenographer and so
16 you all can hear me.

17 As, really, we have already covered, this
18 meeting is part of our efforts to involve you in the
19 development of a new funding allocation process. We
20 allocate approximately \$27 million to FDPPIR, and we want
21 to make sure you are involved in that process.

22 In this presentation, I hope to cover some of
23 the questions that you probably already have.

24 First, why do we even need a new funding
25 allocation process for FDPPIR? Who developed the

1 preliminary proposal? How will federal allocations be
2 allocated under the proposal? Will my tribe or state
3 agency still be able to negotiate funding for my
4 program? Will my tribe or state agency lose funding
5 under the proposal?

6 Now this last question, that is real
7 important to a lot of people, and I want to briefly
8 address that. We are going to discuss that in more
9 detail, how the proposal is really going to look and how
10 it is going to affect everyone. But I want you all to
11 know that the Work Group is proposing that there be a
12 gradual implementation plan, and that is to avoid any
13 reduction in funds for ITOs and state agencies. So I
14 want to let you know up-front that the Work Group has
15 already addressed that issue. We don't want anybody to
16 initially lose any funds.

17 Also, I want to point out that this proposal
18 only covers the general administrative funding. It does
19 not address the allocation of nutrition education
20 funding. The Work Group supports a separate allocation
21 funding for nutrition education, but this proposal does
22 not address nutrition education.

23 The first slide. Okay.

24 First, the question, why do we even need a
25 new funding allocation process for FDPIR? Although it

1 may not be apparent to a lot of people, the current
2 funding allocation process has created funding
3 inequities that really have to be addressed.

4 FNS, as mentioned earlier, FNS currently
5 allocates funding to its regional offices based on set
6 percentages that were established many, many years ago.
7 The regional offices then negotiated individually with
8 each of the ITOs and state agencies for the allocation
9 of the available funds.

10 Now, these historic percentages have not been
11 revised to keep up with changes in participation and
12 program operations throughout the years. For example,
13 the Southwest Region receives about 27 percent of the
14 appropriated funds each year. Currently, your region
15 serves approximately 35 percent of all of the
16 participants that are served under FDPPIR.

17 Also, each regional office has developed its
18 own process for negotiating with the ITOs and state
19 agencies. There is a handout in your packet that shows
20 fiscal year 2006 federal allocations for each ITO and
21 state agency, the average monthly participation for the
22 year for each ITO and state agency, and also the federal
23 per participant amount.

24 This handout illustrates the wide variation
25 in the federal per participation amounts and raises

1 questions as to whether the current funding allocation
2 process is meeting the needs of all of the ITOs and
3 state agencies.

4 As you can see from that chart, the funding
5 by individual program ranges from \$129 per person to
6 \$1859 per person in fiscal year 2006.

7 At the regional level, the per participant
8 amounts range from \$146 in the Southeast Region to \$704
9 in the Northeast Region.

10 Although operational differences among the
11 programs could explain some of those variations, we
12 don't believe that such wide variations can be explained
13 by those operational differences.

14 Finally, the current budget process is
15 time-consuming for both the regional offices and ITOs
16 and state agencies. More than a hundred budgets are
17 negotiated each year. That is a lot of staff time on
18 both sides. So we need to streamline the process to
19 make better use of our resources and yours.

20 The next slide.

21 As Mr. Ludwig pointed out earlier, the Work
22 Group was convened in 2005, and charged with the
23 development of a proposal for a new funding methodology.

24 FNS envisioned a funding methodology that
25 would allocate funds equitably, that had an objective

1 basis and was easy to understand; was something not too
2 complicated. Also, we wanted a funding methodology that
3 would be administratively efficient to implement; again,
4 looking to streamline the process.

5 Next slide.

6 The current membership includes eight
7 representatives from the ITOs and state agencies. The
8 President and Regional Vice Presidents from the National
9 Association of Food Distribution Programs on Indian
10 reservations are members of the Work Group. Five
11 representatives of the Work Group are from FNS
12 headquarters and regional offices. There's also two
13 additional FNS staff that serve as a facilitator and
14 provide staff support. That's what I do. I provide the
15 staff support to the Work Group.

16 And as already volunteered by some of the
17 Work Group members, we have some of the Work Group
18 members here today, Melinda Newport from Chickasaw,
19 Linday Rayon from Muscogee (Creek), Gale Dills, Eastern
20 Cherokee, and also Chris Hennelly from our Southwest
21 Regional Office.

22 Next slide.

23 The Work Group has ben meeting regularly for
24 over a year and a half now, and in a moment I'm going to
25 briefly talk about the process that they use for

1 developing the preliminary proposal. That proposal was
2 mailed on November 28, 2006 to tribal and state
3 officials with requests for written comments. The Work
4 Group also recommended to FNS that meetings like this
5 one be held to allow tribal and state officials to meet
6 with senior FNS staff on this proposal. And as Bill
7 already mentioned, last week the meeting was in Green
8 Bay. We have this meeting here, and then Rapid City
9 next week, and the last week in San Francisco, on
10 January 30.

11 The next slide.

12 In developing their proposal, the Work Group
13 began by compiling data. They considered those factors
14 that impact a program's funding need. They looked at
15 ITO and state agency operational expenses. These are
16 the line items in the budget. They looked at
17 participation levels, indirect cost rates, matching
18 rates, staffing levels, geographic area, the extent of
19 tailgating and home delivery operations, and they looked
20 at salary levels. The Work Group also developed a set
21 of guidelines for developing the proposal that would
22 best serve the entire program.

23 Given the current inequities, it was
24 important that the proposal treat all ITOs and state
25 agencies fairly. That was the first guideline. It was

1 also important that the proposal consider the
2 operational differences among the ITOs and state
3 agencies. In its discussion, the Work Group also came
4 to realize that a strict funding formula would not meet
5 the needs of all ITOs and state agencies. Each program
6 is unique and has individual needs, and it would be
7 impossible to develop a funding formula that would
8 factor in all of those individual differences. So the
9 Work Group agreed that it would be important to maintain
10 a component for negotiation.

11 Another guideline was to streamline the
12 process as much as possible, and also have a proposal
13 that was transparent.

14 Again, as I mentioned, it was important that
15 the proposal be clear and easy to understand, and be
16 administratively efficient to implement.

17 The Work Group also felt that participation
18 was a primary cost driver. Not the only cost driver,
19 but a primary one. They realized that a
20 participation-based methodology would not provide
21 sufficient funding for programs with the fewest
22 participants. This is something we heard from a lot of
23 program directors. They wanted to make sure the smaller
24 ITO's were protected. So one of the key features of the
25 proposal had to be a component that ensured that the

1 programs with the fewest participants received
2 sufficient funding.

3 Another critical feature had to be a plan for
4 the gradual implementation, as I mentioned earlier, so
5 that the ITOs and state agencies did not experience
6 reduction in funding. As I mentioned, I'll talk a
7 little bit more about that later.

8 The Work Group also wanted the proposal to
9 account for unspent funds. They wanted to ensure that
10 unspent funds would be allocated to the ITOs and state
11 agencies that might need additional funds throughout the
12 year. But it also wanted to ensure that ITOs and state
13 agencies that turned back funds at the end of the year
14 did not continue to receive funds at that higher
15 allocation level.

16 Finally, the Work Group wanted to ensure that
17 the funding allocation process would be objective, and
18 would not foster any bias.

19 Now one of the things we would like to hear,
20 we would like to get your feedback on these guidelines.
21 Do you agree with all of them, and, if not, which
22 guidelines do you recommend? Because this is the basis
23 for formulating the entire funding methodology. So it
24 is very important we get comments, not just on the
25 features of the funding formula, but on the guidelines

1 that the Work Group use.

2 Next slide.

3 Now we are going to talk about the actual
4 proposal. The preliminary proposal. Under the
5 preliminary proposal, there are two mechanisms by which
6 ITOs and state agencies can receive funding. There is
7 the basic grant amount and the regional negotiated
8 amount. And I'll explain both in detail.

9 The federal appropriation that we receive
10 each year, minus any set aside for nutrition education,
11 would be divided between these two funding streams.

12 As currently proposed, the basic grant amount
13 would represent about 85 percent of the total available
14 funding, and the regional negotiated amount would be
15 about 15 percent. But I would like to stress that this
16 is just a preliminary proposal. Nothing is cast in
17 stone. Your input will help to shape the Work Group's
18 final recommendation, so your comments are very, very
19 important.

20 Next slide.

21 Basic grant amount. The basic grant amount
22 is designed to accommodate the basic administrative
23 needs that all ITOs and state agencies share no matter
24 what size of program or type of operation. Each ITO and
25 state agency would receive the basic grant amount. This

1 basic grant amount would be calculated at FNS
2 headquarters. It is a formula-based calculation, and
3 because of that, the basic grant amount would help to
4 streamline the funding allocation process.

5 Next slide.

6 There are three components to the basic grant
7 amount and each component addresses a specific guideline
8 or more than one guideline. Component 1 is a fixed base
9 amount. Component 2 is based on past expenditures. And
10 Component 3 is participation-driven. And I'll talk
11 about each one.

12 Next slide.

13 Component 1 primarily addresses the guideline
14 on ensuring that programs with the fewest participants
15 receive sufficient funding. The proposal calls for a
16 fixed base amount that each ITO/state agency would
17 receive. In looking at the funding provided to the
18 programs with the fewest participants, the Work Group
19 determined that about a \$10,000 fixed base amount,
20 combined with the other two components of the basic
21 grant amount, would provide a level of funding that was
22 generally equivalent to the program's fiscal year 2005
23 allocations. So that is where the \$10,000 fixed base
24 amounts came from.

25 In its discussions, the Work Group also

1 considered variable basic amounts. And the way those
2 would work is, you would assign the ITOs and state
3 agencies to tiers based on a ranking of a particular
4 criterion, such as participation, and each tier would
5 get a different base amount. It could range from 5000
6 to 10,000, 15, 20, 25,000. However, this approach was
7 rejected by the Work Group because they thought it was
8 too difficult to determine fairly and objectively how do
9 you determine those various tiers. Someone could be one
10 participant over the tier level, and they would lose
11 money. So the idea of variable base amounts was
12 rejected, and the Work Group decided to go with the
13 fixed base amount. And the Work Group would like to get
14 your feedback on this particular component. Do you
15 agree with the approach of using fixed base amounts? Do
16 you recommend a fixed base amount other than \$10,000?
17 And, if so, what amount would you recommend?

18 Next. The next component is Component 2. It
19 is based on past expenditures. This one is designed to
20 account for the individual differences in operations by
21 basing future funding on historic spending levels. It
22 also would account for the unspent allocations that an
23 ITO or state agency turned back at the end of the year.
24 Under this component, we would determine each ITO's or
25 state agency's federal expenditure amount for the last

1 three years, excluding nutrition education funds and any
2 capital expenditures of \$50,000 or more. Then we would
3 calculate five percent of the highest amount. With this
4 component, the Work Group wanted to look at funding over
5 a three-year period to account for fluctuations in
6 funding needs from year to year. That's why we used the
7 three years as opposed to just looking at the most
8 recent past year. In excluding the capital expenditures
9 of \$50,000 or more, this would avoid a situation where
10 an ITO or state agency would receive additional funding
11 due to a large, one-time past expense.

12 And the next slide shows an example of this,
13 how this computation was done. So in this particular
14 example, we have an ITO that spent \$450,000 in fiscal
15 year 2003, \$475,000 in fiscal year 2004, and \$500,000 in
16 fiscal year 2005. These are the federal expenditures.

17 In fiscal year 2003, the ITO had a capital
18 expenditure of \$20,000. Since this expense is less than
19 the \$50,000 cutoff, we would use the amount of \$450,000
20 to determine the highest expenditure amount in the
21 three-year period.

22 In fiscal year 2004, the ITO had a capital
23 expenditure of \$35,000. Again, this expense is under
24 the \$50,000 cutoff, so we would use the full \$475,000 as
25 the expenditure amount for 2004.

1 In fiscal year 2005, the ITO had a capital
2 expenditure of \$55,000. This expense is more than the
3 \$50,000 cutoff, so we would subtract the 55,000 from the
4 \$500,000, leaving the net expenditure amount of \$445,000
5 for fiscal year 2005.

6 When we compare the net expenditure amounts
7 in column three there, we see that \$475,000 spent in
8 2004 is the highest amount in that three-year period.
9 We then calculate five percent of that amount, which is
10 \$23,750. This is the amount that Component 2
11 contributes to the basic grant amount.

12 The Work Group would like to get feedback on
13 this component, also. We would like to know if you
14 agree with the approach of basing some amount of future
15 funding on past levels of spending. We would also like
16 to know if you agree that large, one-time expenditures
17 should not be used to determine future funding levels,
18 that's that \$50,000 capital expenditure amount, and do
19 you agree with the 50,000 limit. Should it be 25,000?
20 Should it be 75,000? Also, do you agree that five
21 percent is an appropriate percentage to use? Should it
22 be ten percent? Should it be 15 percent? We would like
23 to get your comments on those kinds of issues.

24 MR. LUDWIG: A question.

25 MS. THEODORE: Yes.

1 MS. RHOADS: On your year 2003, why
2 didn't you subtract the 20,000 for capital expenditure
3 there?

4 MS. THEODORE: Because the limit is
5 50,000. We are only excluding capital expenditures of
6 \$50,000 or more.

7 MS. RHOADS: Okay.

8 MS. THEODORE: Again, that can be
9 changed. We would like to know if you all think it
10 should be an amount different than \$50,000.

11 MS. RHOADS: How would you address
12 capital expenditures if you eliminated it here?

13 MS. THEODORE: I'm sorry?

14 MS. RHOADS: How would you address the
15 capital expenditures?

16 MS. THEODORE: Well, we would have to ask
17 you to report on capital -- the federal share of capital
18 expenditures. Is that what you are asking?

19 MS. RHOADS: If you subtract it from the
20 base amount, and you had to have capital expenditures,
21 where would that money come from?

22 MS. THEODORE: Your grant amount could be
23 used for capital expenditures. The idea behind this is
24 that if you had to buy -- say you had a refrigerated
25 truck that blew up, it died, it was in an accident. You

1 needed, say, \$90,000 to get a refrigerated truck, and we
2 happened to give you \$90,000 for a refrigerated truck in
3 2003. Should your funding in 2007 be determined by the
4 fact that you had a one-time, large expenditure back in
5 2003? That's the point of this particular component or
6 this part of the component. The Work Group didn't want
7 to base future funding on a one-time past expenditure
8 that is not a normal expenditure. So if you are trying
9 to determine an overall methodology based on your
10 average spending, and you had a bloop in your spending
11 because you had a one-time expense, that throws your
12 expenditures off and it makes it look like you need a
13 higher amount each year, than if you average it over a
14 three-year period and you included those large, one-time
15 expenses.

16 Okay? Next slide is on the basic grant
17 amount, Component 3.

18 This is the one that is participation-driven
19 and provides the bulk of the funding for most of the
20 programs under the basic grant amount under the current
21 proposal.

22 The amount of funds available for allocation
23 under Component 3 is the residual amount of the basic
24 grant amount pot. So, remember, as I said earlier, we
25 have two funding streams. As currently proposed, about

1 85 percent of the appropriated amount would go to the
2 basic grant amount, and 15 percent would be set aside
3 for the regional negotiated amount. So under the basic
4 grant amount, that 85 percent of the total funding, most
5 of the funding from that pot would go under this
6 component, because Components 1 and 2 currently don't
7 take a lot of money out of the basic grant amount. So
8 the residual amount left after you do Component 1 and 2
9 would be how much money you have left to divide up under
10 this Component 3.

11 The Work Group felt that participation is a
12 primary cost driver and felt it was appropriate to base
13 funding on the number of persons that are served. The
14 Work Group wanted to account for fluctuations in
15 participation, so that's why the component averages
16 participation over the three-year period.

17 The next slide shows a sample computation of
18 Component 3. So in this example, the ITO had an average
19 monthly participation of 488 people served in fiscal
20 year 2003, average participation of 521 in fiscal year
21 2004, and 557 in 2005. So the average for that
22 three-year period is 522 people.

23 Now, just for this example, the national
24 participation averaged over the three years was 103,571.
25 So the 522 is .5040 percent of the national

1 participation average for the three-year period. So we
2 would take that percentage of .5040, and apply that to
3 whatever funding is available for Component 3.

4 In this example, we are just saying
5 approximately \$20 million would be available for this
6 component. So the result would be \$100,800 would be the
7 amount set aside for this Component 3, for this ITO.

8 For this component, we would like to know if
9 you agree with this approach, and should participation
10 determine the bulk of the funding under the basic grant
11 amount.

12 Next slide. This shows the total that the
13 ITO in these examples would get under the basic grant
14 amount. They would get \$134,550. They would get the
15 fixed base amount of \$10,000 under Component 1. They
16 would get \$23,750 under Component 2. And, again, that
17 was based on the highest expenditure in a three-year
18 period, for \$475,000.

19 And for Component 3, they would get \$100,800.
20 And that was based on an average participation over the
21 three years of 522 people.

22 Okay. Next slide. And that's the big
23 question: What if the ITO/state agency needs more
24 funding than what is provided under the basic grant
25 amount?

1 Next slide.

2 And that is why the Work Group included the
3 second funding mechanism, the regional negotiated
4 amount. Under this proposal, each regional office would
5 receive a pot of funds that it could allocate to ITOs
6 and state agencies that need to supplement their basic
7 grant amount.

8 This feature is designed to account for the
9 operational differences that result in some ITOs and
10 state agencies having a higher funding need. It also
11 maintains the ability of the ITOs and state agencies to
12 negotiate their funding, which is an important issue to
13 the Work Group members.

14 Under this component, a fixed percentage of
15 the federal appropriation would be set aside for
16 allocation to the regional offices. The Work Group
17 looked at the effect of changing the percentage of the
18 set-aside. If you decreased the percentage, more funds
19 are made available for the pot of funds in Component 3,
20 the participation-driven component of the basic grant
21 amount. If you increase the percentage of the
22 set-aside, less funds are available for Component 3.

23 The Work Group members differed in their
24 opinions on which percentage to use, and so it's anxious
25 to get your feedback on this issue.

1 The next slide shows how the regional
2 negotiated amount is calculated and how it would change
3 under different percentages.

4 So this slide shows how we would calculate
5 the regional negotiated amount for a region. First, we
6 would total the average monthly participation for all
7 ITOs and state agencies in the region for the last three
8 years. So, in this example, the total would be 25,385
9 in fiscal year 2003, 24,897 in 2004, and 23,570 in
10 fiscal year 2005. The average for the three-year period
11 in this example is 24,617.

12 So when you calculate the percentage of that
13 region against the national participation average of
14 103,563, you get a percentage of 23.77 percent. So this
15 particular region, their total participation is 23.77
16 percent of the nation.

17 The next slide shows how the region's
18 percentage share of funding based on its 23.77 percent
19 would change if we vary the amount of the set-aside.

20 And, by the way, your region currently for
21 2006, you are at 34.76 percent of the nation. So it
22 would be a little higher than the example we have here.

23 So this slide shows the result of applying
24 the region's 23.77 percent share of participation to the
25 amount on the set-aside under varying percentages. This

1 example uses an appropriation that is equivalent to the
2 fiscal year 2007 president's budget of 26,392,000.

3 So you can see how it ranges from, if you use
4 five percent set aside for the regional negotiated
5 amount, you would have, of the 26,392,000 that is
6 available for 2007, almost 314,000 would be set aside
7 under five percent. If you go up to 25 percent set
8 aside, it would be \$1,568,345 for this region.

9 Again, the Work Group welcomes your feedback
10 on the percentage that should be used, so we would like
11 to hear what you think on this issue.

12 Next slide. As indicated earlier, the
13 regional offices will allocate the available funds to
14 the ITOs and state agencies based on need as determined
15 through individual budget negotiations. Again, this is
16 to supplement your basic grant amount if you believe you
17 need money to supplement your basic grant amount.

18 To ensure consistency across regions in the
19 budget negotiations, the Work Group will develop some
20 guidelines. And we would like to get your feedback on
21 the guidelines that should be used.

22 Next. We have covered the components and the
23 calculations. And next, I just want to outline the
24 overall process for you.

25 First, around June of each year, FNS

1 headquarters would calculate each ITO's and state
2 agency's basic grant amount for the fiscal year.

3 The FNS regional offices would advise you of
4 your basic grant amount. At this point, the basic grant
5 amounts would be tentative, since they would be
6 contingent upon the passage of the appropriation bill.

7 ITOs and state agencies that expect to
8 receive sufficient funding through the basic grant
9 amount to meet their budget needs for the upcoming
10 fiscal year would not be required to submit a budget or
11 any other documentation to FNS. The regional office
12 would simply allocate the basic grant amount to those
13 ITOs and state agencies when the funding becomes
14 available after October 1.

15 The next slide.

16 Those ITOs and state agencies that require
17 funding to supplement their basic grant amount would
18 need to submit a budget to justify the supplemental
19 funds. Regional offices would open negotiations with
20 those ITOs and state agencies that submit a budget
21 request for supplemental funding. The regional offices
22 would then allocate the regional negotiated amount based
23 on needs among those requesting ITOs and state agencies.

24 Next. Again, critical feature: The gradual
25 implementation plan. I want to make sure everybody

1 understands this. The Work Group did not want any ITO
2 or state agency to face a significant reduction in funds
3 as a result of any new funding methodology. So the Work
4 Group proposed a multi-year, phased-in implementation.
5 To do this, we will provide each ITO or state agency
6 with a basic grant amount that is no less than the
7 federal allocation it received the previous year. Since
8 overall funding is limited to the appropriation we
9 receive, it would be necessary to proportionately reduce
10 those increases that some ITOs and state agencies would
11 have received under the new funding methodology. It may
12 also be necessary to reduce the regional negotiated
13 amounts during the implementation period to ensure that
14 there are sufficient funds to hold harmless those ITOs
15 and state agencies that would otherwise experience a
16 reduction in funds under the new funding methodology.

17 Next slide. So, to summarize the proposal,
18 the federal appropriation will be divided into two
19 funding streams: The basic grant amount and the
20 regional negotiated amount.

21 The basic grant amount has three components.
22 Component 1 is a fixed base amount to ensure funding for
23 programs with the fewest participants.

24 Component 2 is based on past expenditures to
25 account for historic spending levels.

1 Component 3, which provides the bulk of the
2 funding, is participant-driven.

3 And the regional negotiated amount accounts
4 for operational differences among the ITOs and state
5 agencies, and allows them to negotiate the total amount
6 of funding they will receive. So that feature remains.

7 Finally, the gradual implementation plan
8 would avoid a reduction in funding for ITOs and state
9 agencies as we phase in the new funding methodology.

10 The final slide. Okay. That is the
11 presentation today. We have posted a lot of information
12 about the Work Group and the development of the proposal
13 on the FNS website. You can find this information at
14 the website up there. You just need to click on the
15 FDPIR Funding Work Group Home Page. Thank you.

16 MR. LUDWIG: Thank you.

17 Okay, if we could, we would like to solicit
18 your comments. If anybody has any questions of Nancy,
19 she'll certainly entertain those. We'll start with this
20 first table right here. And if you have any comments,
21 would you mind coming forward to the microphone and
22 giving those, please.

23 MR. SUMNER: I would like to defer my
24 comments until I discuss things momentarily with our
25 expert.

1 MR. LUDWIG: Okay. That sounds good.

2 Anybody else at that first table?

3 Okay, I'll go to the second table, please.

4 Comments from the second table? I want to make sure
5 everybody has an opportunity.

6 Okay. Then let me go to -- I know somebody,
7 I know one person has comments. I'm not going to go to
8 her yet. Let me go to the third table and see if we can
9 solicit comments from the third table.

10 Thank you, sir.

11 MR. SQUIRREL: I probably don't represent
12 anybody, because I wasn't supposed to be up here giving
13 comments this morning. My name is Bud Andrew Squirrel.
14 I'm the Manager for the Food Distribution Program for
15 the Cherokee Nation. Deputy Chief Joe Grayson was
16 supposed to be here this morning, but he took ill
17 yesterday. He was planning to be here yesterday, but he
18 took ill. He was still thinking that he might be able
19 to make it this morning, but unfortunately he didn't.
20 So I guess it is left up to me to uphold the honor of
21 the Great Cherokee Nation. We are used to being first
22 in most everything that is done by the native tribes, so
23 we'll start off first this morning.

24 First, I want to thank the ladies that have
25 worked so hard for our region for getting this going.

1 Because I think we were the catalyst for getting this
2 revived. I know my predecessor, Sherry, I don't know if
3 her name was Whitekiller when she was with this group,
4 or whether it was Perry then. I know her as Sherry
5 Whitekiller. I have known her for years. And she was
6 one of the first to get this under consideration a few
7 years ago, and then unfortunately it died a still -- you
8 know. What do you call that? Sudden Infant Death
9 Syndrome? It just kind of died quietly. You know. And
10 the next thing you know, we were trying to get it
11 revived.

12 Whenever I came on board about seven years
13 ago, I was kind of shocked. I read -- you know, as part
14 of my learning process, you go through 501 first, of
15 course, and then all of the other things that you have
16 to know about the program, all of the policies and laws
17 that go in the program.

18 And whenever I got the funding, I was kind of
19 shocked to see the disparities in funding from region to
20 region. So maybe I was one of those that got behind the
21 scenes, you know, griping to people.

22 We are getting, to be honest, undiplomatic, I
23 don't know, not politically correct, we are getting the
24 shaft here in the Southwest Region. We are expected to
25 walk on water, and Cherokees do that sometimes. But

1 when it is real hot in July, we like to get our feet,
2 our ankles, wet and cool off. So we don't like to walk
3 on water all of the time. You know.

4 We get \$146 per participant. You know,
5 that's asking a person to almost walk on water when
6 somebody else that has the same number of participants
7 gets almost \$270. That is not fair and that is one of
8 the first things that I saw when I was reviewing all of
9 the funding, the funding allocations for all of the
10 regions.

11 I didn't name the people that I should have.
12 Melinda Newport, Chris Hennelly, Linday Rayon from our
13 area, and I need to thank them for the job that they
14 have done. I would have volunteered. I kind of thought
15 about volunteering, but I'm not one of those that do it
16 politically. Sometimes I call a spade a damn shovel,
17 and that's not the way to do this.

18 The way you put it up here, the way you are
19 going to approach it, that is the right way, and I
20 commend you for all of the work you've gone through to
21 get where you have gone now.

22 I want to say I'm behind you and I hope this
23 bears fruit.

24 You know, it's been, like I said, it's been
25 stillborn in the past whenever we tried this. But it's

1 got to. Because it is for the integrity of the
2 government, you know.

3 Mr. Salazar, I'm looking at you now. It's
4 for the integrity of our region.

5 This should have been done when it first got
6 started. When was it '83? '86? Whenever the program
7 first got started, it should have started on this foot,
8 or something similar to what is being proposed now.

9 But all we want is respect. We want you to
10 look at us and treat us, you know, the same, or close to
11 the same. I realize there are some regional differences
12 in the cost of transportation, you know, the cost of
13 living in the region. There is differences. I don't
14 want to be equal to everybody, because you got to
15 account for these differences. But otherwise, we just
16 want the respect of being treated equitably along with
17 everybody else.

18 I thought of other things I could say, but it
19 is probably not politically correct. So I will just
20 leave it at that. I just want you to realize we are
21 just asking for respect from one nation to another.

22 Thank you.

23 (Applause)

24 MR. LUDWIG: Okay. Anybody else at that
25 table?

1 Okay. Can I go to the last table on this
2 row. Comments?

3 Please.

4 And I'll come back to anybody who didn't give
5 comments that would like to come up from one of the
6 other tables.

7 MS. RHOADS: I'm Kay Rhoads. I'm the
8 Principal Chief of the Sac and Fox Nation. First, I
9 would like to thank the Work Group for putting this
10 together. It has been a long time coming and it's
11 important that we look at this in the most fair way
12 possible.

13 I know there were a lot of formulas thrown
14 out there for consideration. And I think you are going
15 to see a lot of nodding heads here in this region in
16 particular, because, you know, whenever this whole issue
17 came up, we were the region that was unfunded more than
18 anybody else. And so this gives us a lot more equity.

19 But I know that it was a difficult process.
20 I know that the funding formula that was used previously
21 was very confusing for everybody. I think that it was
22 more political than anything, and that is one reason
23 that I think a written procedure that you have done now
24 makes a lot more sense for everyone. It will be easier
25 for the various regions to justify the allocations that

1 are given to the various programs.

2 My question is, first off, you know, I kind
3 of looked at the handout a little bit, and on the five
4 percent, is five percent reasonable? And can I have a
5 little bit of discussion about how that was actually
6 determined?

7 MS. THEODORE: Okay.

8 MS. RHOADS: And also the other
9 percentage, the 15 percent.

10 MS. THEODORE: Okay. First, the five
11 percent, that is with the Component 2 where we take the
12 highest expenditures over the last three years, minus
13 nutrition ed and minus any \$50,000 capital expenditures.
14 And then you apply the five percent to that.

15 That was a compromise that a subgroup and the
16 Work Group worked out. I wasn't involved. We divided
17 the Work Group into two different groups, and asked them
18 to come up with some calculations to address some of the
19 guidelines and issues. And that is what one of the
20 subgroups -- I don't know -- were you in that?

21 MS. NEWPORT: No, I was not in that
22 subgroup. But basically there were a lot of folks that
23 somehow felt their past funding should be acknowledged
24 or taken into consideration. Those of us in this region
25 don't see a benefit to that, but there was a lot of give

1 and take. And there was actually a bit of a compromise
2 to acknowledge it, but at a low percent so as not to
3 perpetuate the inequities of the past.

4 MS. THEODORE: And the 15 percent, as we
5 showed on that one slide...

6 MS. RHOADS: Yes, I understand the 15
7 percent. I want to know why the 15 percent in
8 particular. Why not 20 percent? Why not 25 percent?

9 MS. THEODORE: Again, it's -- actually,
10 the Work Group members never particularly agreed on a
11 percent. Some wanted 15 and some wanted 20, and I think
12 some even wanted ten.

13 MS. NEWPORT: Yes, we debated on that
14 issue a lot, whether it was ten, 15, 20 percent.

15 MS. THEODORE: We wanted something to put
16 in the proposal. We felt like we wanted to have
17 something put in the proposal. We felt we needed to
18 have something to put in the proposal for people to
19 react to.

20 But, again, it's not a hard-and-fast. That
21 is why we are asking for comments, and that's why we had
22 that one slide.

23 These slides, we are posting these slides on
24 the website so you will have a chance to see them or
25 have a copy of them. And you can see that one slide,

1 this -- yeah, that one, that sort of shows how the
2 variance -- the 15 kind of came in the middle. And it
3 was sort of a compromise between those who wanted ten
4 and those who wanted 20. And we did have a fairly large
5 number of Work Group members who wanted the 15. So,
6 again, that was sort of a compromised amount, also.

7 But the Work Group would like to get your
8 feedback and hear what you think about that.

9 Some of the Work Group members really didn't
10 want a lot of money set aside at the regional levels,
11 and then others did, because it was very important to
12 some Work Group members that there be a component for
13 negotiation and there be enough funds set aside for
14 negotiations, but others didn't. So that just reflects
15 the different perspectives. And I don't know if that is
16 regional perspectives, or just individual perspectives
17 of the Work Group members.

18 MS. RHOADS: And the other concern that I
19 have is with that 15 percent, the negotiations that
20 would occur as a result of that. I know that there was,
21 you know, the capital expenditures that may come about,
22 and that would be part of the negotiations, I assume.

23 MS. THEODORE: Well, actually, your
24 capital expenditures could come out of either your basic
25 grant amount or your negotiated amount. I imagine if

1 you have large capital expenditures that you are going
2 to need each year, that will probably come out of your
3 regional negotiated amount.

4 MS. RHOADS: Okay. And I guess the
5 concern that I have is, within the region in particular,
6 if we had major emergencies here, like we do right now,
7 if all of our trucks went down all of a sudden and we
8 had to go to the region in order to get money and the
9 region ran out of the 15 percent, is there anything that
10 can be done about that, if the 15 percent is not enough
11 to fund?

12 MS. THEODORE: There would be no money
13 set aside in any other account. Basically you would be
14 taking the total federal appropriation like we do now.
15 Right now we divide it up by the regions, and there is
16 really no extra money.

17 If there was a major emergency, a disaster, I
18 don't know if there would be a -- I need to go back
19 to...

20 MR. LUDWIG: We kick in some of our
21 disaster programs away from FDPPIR that would provide
22 assistance. It wouldn't provide dollars, but it would
23 provide emergency foods and some transportation.

24 MS. THEODORE: I imagine if there was a
25 catastrophic disaster that affected a particular region,

1 there might be a way to request additional funds for the
2 program. But there isn't currently, under the
3 appropriations, there would be no other funds.

4 MS. RHOADS: Okay.

5 MS. THEODORE: But that's basically the
6 way it is now. Your region gets, like, 27 percent of
7 the total appropriations and there aren't any other
8 funds to draw from.

9 MS. RHOADS: Now of the 15 percent that
10 would be set aside for negotiations, that goes all to
11 programs, or is some of that held back for
12 administrative costs?

13 MS. THEODORE: That is all for your
14 programs.

15 MS. RHOADS: And will all of that money
16 be distributed on an annual basis then, so there won't
17 be any carryover?

18 MS. THEODORE: There shouldn't be. The
19 region should be allocating all of that money.

20 But if your ITOs -- say miraculously it
21 turned out that we gave you -- say we end up with a 25
22 percent, and we gave your region \$1,500,000, then if
23 cumulatively your need didn't total -- we are not going
24 to give out money unless you need it. So your ITOs,
25 state agencies, would need that money and would have to

1 provide justification. It is possible that we may
2 provide you -- your set aside might exceed the need in
3 your region.

4 MS. RHOADS: And that's what I am
5 concerned about. Especially if you are taking the
6 average for the last three years, and the Southwest
7 Region has been underfunded for the last three years --

8 MS. THEODORE: Well, no, we are not
9 basing it on the last three years. This --

10 MS. RHOADS: No, not just the 15 percent.
11 I'm talking about the overall program, the five percent.
12 And --

13 MS. THEODORE: Well, the five percent is
14 based on individual ITOs.

15 MS. RHOADS: Right. But if those
16 individual ITOs were underfunded for the last three
17 years, then when you start averaging these out and
18 developing your formulas, your numbers for the Southwest
19 Region is going to be lower.

20 MS. THEODORE: But that component only
21 represents -- you only get five percent of your last
22 three years, your highest last three years.

23 As Melinda pointed out, it was sort of a
24 compromise for those Work Group members that wanted to
25 account for past expenditures and other Work Group

1 members that knew that the last three years of spending
2 may not actually represent your needs. So that is why
3 it is only five percent. And based on comments that we
4 are going to get, we will determine whether that stays
5 at five percent or that percentage changes.

6 MS. RHOADS: And then the other question
7 I have is on the additional services that some of the
8 ITOs offer. Some have tailgating, some of them have
9 multiple sites, all of these various factors. Are these
10 going to be included in the negotiations, as well?

11 MS. THEODORE: Yes.

12 MS. RHOADS: Okay. I think that's all of
13 the questions I have at this point. But I do thank the
14 Work Group, because I think you guys did a fantastic
15 job. Thank you.

16 MR. LUDWIG: And as you were speaking, I
17 remembered an occasion one of our Midwestern tribes one
18 time had a major snowstorm, and it was a very limited
19 snowstorm. There was no money left in FDPIR, but we did
20 kick in our Household Distribution Program through
21 Disaster Assistance, and Roberto had that authority. So
22 there is a way, besides FDPIR.

23 Okay, back to the last table. Anymore
24 comments from the back table on my left?

25 Okay, can we go to the back table on the

1 right. Comments?

2 Yes, sir.

3 UNIDENTIFIED SPEAKER: I need a few
4 minutes to talk to our director. I went through the
5 formulas last night.

6 MR. LUDWIG: That's twice we've heard
7 that. Would you like to take a ten-minute break and
8 give you an opportunity to discuss some of this? Okay,
9 let's do that.

10 (Recess)

11 MR. LUDWIG: Okay. I have just a couple
12 of quick announcements that I need to make. There is a
13 major ice storm coming through Dallas right now, and
14 many of the flights are being cancelled. So Washington
15 has made arrangements for Mr. Salazar to fly out, so he
16 will be leaving here shortly. He has to fly back
17 through Chicago. He was scheduled to fly to Dallas with
18 me. They tell me I won't get home tonight probably.
19 I'll get to stay in Oklahoma City for another tonight,
20 which is fine with me. It's a nice place. Roberto will
21 be leaving at 11:00. He has to be the airport at 11:30.
22 He was scheduled to be here with us for the entire
23 meeting. But if he doesn't do this, he may not get back
24 for a couple of days.

25 I'll tell you what I'm going to do. I'm

1 going to change up, and I'm going to come back to the
2 first table now that everybody has had an opportunity to
3 talk and see if you have comments. So if I can, I'll go
4 to this gentleman right here again. He has comments
5 this time. Thank you.

6 MR. SUMNER: I'm afraid he'll pass me by
7 if I don't come up.

8 MR. LUDWIG: I'm not going to pass
9 anybody by.

10 MR. SUMNER: Actually, when football
11 teams win the toss, they usually defer to the second
12 half, and sometimes that helps them win. And it wasn't
13 exactly that reason I deferred, but I want more time to
14 hear and to think about this before I put an expression
15 to our tribal comments.

16 First of all, I would like to, for the
17 record, state that I'm Claude Sumner. I'm Executive
18 Director for the Muscogee (Creek) Nation. I work for
19 Chief A.D. Ellis, Principal Chief A.D. Ellis. The
20 Second Chief is Alfred Berryhill, and his assistant is
21 in the back here and we discussed and we kind of
22 congealed our thoughts, which I hope I can appropriately
23 express. And I recognize we can do a written report as
24 well later.

25 First of all, we are glad that you would come

1 to Oklahoma. The temperature and the conditions are not
2 representative of our true thought on the welcome mat.
3 But it was of some difficulty for some of us to get
4 here, and it is something that is worthy of reporting
5 that, in the Creek Nation, we have many thousands of
6 people without power. And we basically spent yesterday,
7 the first day back to work, trying to buy ten generators
8 and getting some shelters arranged in Eufaula and
9 Checotah. And there are some folks who report that
10 every tree in their yard is split and fallen, have trees
11 on their houses. I passed convoys today going over
12 there to help out from other parts of the Nation.

13 So this is a catastrophe, and I would like to
14 quickly comment that when disaster happens in our
15 nation, basically FEMA and Homeland Security have large
16 pots of money that is supposed to help tribes or, in
17 your case, if you supported us with food distribution,
18 food in a disaster, they would reimburse.

19 So it is not all lost. When you say we have
20 no serious disaster money afterwards, when Ms. Rhoads,
21 or Chief Rhoads, said what happens after that pot of
22 money is spent. There is other sources.

23 For the Muscogee (Creek) Nation, I would
24 think it is important for us to say that we support this
25 language. It appears that this region would benefit.

1 And when all is said and done, that's really all we want
2 to say. Because we recognize there has been a lot of
3 compromise, and we recognize that in the United States
4 today, there is a lot of discussion about how to
5 allocate federal funds between tribes where there are
6 largely full blood and mixed blood tribes.

7 This debate will not go away. It will
8 continue. And from tribal perspective, no one wants to
9 hurt the feelings of other tribes and other individuals
10 of the tribes. We are trying best to discuss how to
11 take. I believe the federal government's approach is to
12 say, this is the pie and we split it differently. And
13 that's the discussion today.

14 For those of us who are less politically
15 correct sometimes, as Mr. Squirrel and perhaps myself,
16 we say we are debating how to eat this bone and we wish
17 that there could be more meat. So the message that I
18 have in addition to saying to you that I support this
19 particular change in the Food Distribution world,
20 because it would benefit the region and tribes within
21 the region, and we deplore the idea that it may diminish
22 some benefits for other tribes and nations, we make a
23 comment that, under the Chief Ellis, he has had to go to
24 Washington, D.C. and plans to so go in February with the
25 Inter-Tribal Council to discuss the funding from the

1 federal government for Johnson-O'Malley, higher
2 education, burial assistance and others.

3 And you say, why is that relevant here? It
4 is relevant because when we make policy decisions in
5 this state and nation, and Indian support for the
6 military, as veterans or just the United States
7 Government support, is strong from Native Americans. So
8 the comment is not to harm that. But when our policy is
9 to spend much money in Iraq and Afghanistan and other
10 parts of the world, then we get pushed to the back, like
11 a child sometimes, and ignored for a sufficient amount
12 of time that we begin to wonder, will it change back
13 ever into our favor that we can get more of the meat on
14 the bone.

15 So Chief Ellis has fought for higher monies
16 for Johnson-O'Malley. And the freeze on the numbers
17 that they support the Creek Nation was, I believe, 1988
18 numbers. Or way back. I'll say that. And we now are
19 supporting 15,000 children. The number was around
20 10,000. We take that money, we divide it out around
21 15,000 now, and it was frozen when we had about 10,000.

22 So for listening to this discussion, it's a
23 painful experience to say we never have enough money to
24 support our people. And I thought about what should be
25 said here, but I will say, for you folks that come from

1 Washington, D.C., for someone who comes from Oklahoma,
2 myself, and having experienced the situation that my
3 father passed when I was eight, and all of the other
4 older children were married or at boarding school, and
5 Mom gets \$77 a month and commodity cheese and the canned
6 meat, that's one whale of a lot better than being
7 hungry. And our nation has not changed.

8 This lady, Linday Rayon, that supports our
9 program, we constantly find people that would not have
10 Thanksgiving if she were not able to give them a turkey.

11 And so you are to be praised for our nation
12 having this program. And when we look at the facts that
13 you just stated, 27 percent of the money came, we had 35
14 percent participation, that perks up the ears of
15 administrators, who say, I just don't know how people
16 like Linday Rayon and Della Cherry, her boss, make these
17 things happen. And people do suffer.

18 And when you think of people today, cold.
19 The temperature last night was around six, four degrees,
20 two degrees, as predicted. And they're in some houses
21 with wood that was cut yesterday to keep them warm and
22 huddled, and they run from house to house to grab
23 mother-in-law and mother and so on, to collect them all.
24 That is just a small microcosm of the situation in this
25 country where we have a lot of people in need. And food

1 is one of the best supports that we have for our hungry
2 citizens.

3 And when we say, Why can't they make their
4 own money? Jobs are not available. Jobs go to Mexico.
5 Jobs go to India. And those choices are made by bigger
6 people with more money.

7 So in the overall scheme of supporting this
8 new allocation effort and the praises that will be made
9 for having accomplished that, and that it will benefit
10 our region and make life easier a little bit for each
11 individual in our region, we naturally state and support
12 in a positive fashion.

13 But we also state what Chief Ellis has tried
14 to do in burial support where we sit with people dying
15 and not having any monies to bury them, and we ask for
16 some additional assistance. This is where we feel we
17 need to go in order to express the fullest extent of our
18 support.

19 We definitely say yes to this formula, but we
20 call upon you, when you go back to Washington and sit
21 with senators and congressmen who debate how to support
22 Native America in all of these areas, there needs to be
23 an increase, period.

24 I'm not trying to say we should pull out of
25 Iraq and make more money available, or Afghanistan and

1 The Choctaw Nation is supporting the
2 methodology, the funding. The Work Group, you've done
3 an excellent job. I'm glad it was you guys on that
4 group. Not me.

5 The concern that we have right now is the '07
6 funding. What is going to happen to the programs? We
7 are continuing on basically no budgets. How long is
8 this continuing resolution going to be? I'm hearing
9 it's all year, it's going to be all year. I don't know
10 if some of these tribes can survive on this. Some of us
11 have a very supportive tribe. I do have one that I
12 think they will step in. But that is our concern.

13 Participation rate. I know it's going down
14 nationwide. All of us have fallen off on participation.

15 My question to USDA, where are these
16 participants going? Have you checked with Food Stamps?
17 Are they going back to Food Stamps? Are they getting
18 jobs? And if they are getting jobs, I praise them. You
19 know, that's good. It's good, you know. But I don't
20 know if the economy is quite as good as we want it to
21 be.

22 You know, I commend USDA, too. When I talk
23 to Dallas, Chris hears it all of the time. Bless her
24 heart. I'm surprised she's got any ears left by the
25 time I get through with her.

1 Another -- I would like to see more USDA
2 representatives out of Washington coming to our tribes,
3 coming out, looking at each individual tribe. And, yes,
4 I know it's going to take money, Mr. Salazar, but, you
5 know. Because we're all different. Suggestions on
6 extra money, other grants that we can get to help.

7 As a matter of fact, another thing is, USDA.
8 I don't see as much, like, we receive infrastructure
9 money like some of the other programs do. I believe
10 WIC, I think, gets it, you know. Why does WIC -- now
11 Melinda, don't take this personal. Okay? I mean, why
12 does WIC get more? They are always getting
13 infrastructure money. How come that is not coming to
14 Food Distribution?

15 Input from USDA. What do we need to do? Do
16 we need a representative to come there? A lobbyist? I
17 know we aren't supposed to have lobbyists. But, you
18 know.

19 And I basically could use more infrastructure
20 money. My personal. And I'm sure others in the room
21 could, too.

22 So, I mean, we support this. Of course,
23 we're all going to benefit from, you know, getting more
24 money, and I'm basically one of them. Yes, I will be
25 receiving a big chunk of it. And I have made do with

1 what funding I have received in the past. And I've
2 done -- I'm not going to brag, not pat myself on the
3 back and all, you know, but I've done fairly well with
4 it. Because I have to be.

5 USDA needs to -- why not carry over the
6 funding from some of the tribes from within the FDPIR?
7 I feel like some of the programs are being punished.
8 Because if you have a tribe here that has done a good
9 job all year long, say they've done real good, they have
10 a hundred thousand dollars left. Okay? It's like
11 rewarding that tribe, let them keep that money, carry it
12 over. They may have something else the next year that
13 they could do with that. Like put in for a new -- you
14 know, build a new warehouse. And, of course, the tribe,
15 I'm sure would even match that. My tribe would.

16 That's another question. I mean, I would
17 like to see input from, you know, to tell us, how do we
18 go about getting, you know, this money.

19 But the concern I have is the '07. What can
20 you tell us here today on the continuing resolution? I
21 mean, how long it is going to last, or do you see it's
22 going to last all year? Am I hearing correctly from out
23 and about? Nancy, do you --

24 MS. THEODORE: I think Roberto could
25 probably handle that better than I can.

1 MR. SALAZAR: The continuing resolution
2 is not unique to FDPIR, as you all know. So your
3 concerns are the same concerns shared by all of the
4 programs that we administer and all the programs of the
5 federal government.

6 What I know is what you know, and that is, we
7 are under a continuing resolution certainly until mid
8 February. I don't know what Congress will do. It is
9 not my position to speculate on what they will do. I'm
10 sure I have heard many of the same rumors that you have
11 heard, and that's all they are at this point. I can't
12 speak for Congress.

13 I, like you, am very hopeful that they will
14 take action and give us a budget. Because if you can
15 imagine, how frustrating it is for you with your
16 program, imagine how challenging it is for me with 15
17 national programs and a \$60 billion annual budget that
18 is being put together piecemeal week by week. It is
19 difficult.

20 And I wish I had a more warm answer to share
21 with you to answer your concern, but I simply don't. I
22 don't have the ability to speak for Congress. We are
23 providing them the information they ask of us, and we
24 are very hopeful they will move forward and get their
25 business done, because it does make things very

1 difficult.

2 The comments and questions you have raised
3 are very valuable. Unfortunately, the Work Group was
4 not set up to address all of those things. But
5 certainly I think it would be of value for you and I to
6 visit more and chat about those ideas. And I will
7 welcome that, and I welcome an invitation to spend time
8 with you.

9 And I'm sorry I don't get to travel more to
10 tribal lands. It is a function of expense, and we have
11 to be careful about those travel expenditures. But I
12 would welcome the opportunity. Even if I can't travel
13 to visit with you, I'm happy to speak to you by
14 telephone or however else we can share those concerns.

15 MS. MULLENS: That is just concerns. And
16 I would -- I mean, I would definitely like to see -- I
17 mean, I see Chris. Of course, I see Lou. I've talked
18 to Nancy a couple of times. But I would just like to
19 see some more representatives from USDA to come out to
20 the tribes to see, you know, how different we are, how
21 things work.

22 And you have five years to change that,
23 because I plan on retiring after I get my daughter out
24 of P.A. school. Okay? So once she is out of P.A.
25 school, I'm done, you know. But that's all I can ask.

1 But the tribe does -- we do support the
2 funding changes. And I could go on and tell you how we
3 compare to Joe Bluehorse, you know, how our programs are
4 alike, our concerns. But, you know, we can do that at
5 another time. You know the comments. I didn't go to
6 Joe Bluehorse's when we went to South Dakota, because I
7 was afraid I wasn't going to get off the reservation if
8 I went, because it could get pretty sticky. You know.

9 But it is not to make the other tribes' --
10 you know, we are not here to battle each other. That's
11 not the point. That is not going to help any, you know,
12 what we need to focus on. But we have people that are
13 going to have -- we have took care of them from the time
14 they are born, and we will take care of them until the
15 time they pass away. And that's what we are here for.

16 So, that's just my concern, was the '07
17 money.

18 MR. SALAZAR: Thank you for asking.

19 MS. MULLENS: Thank you.

20 (Applause)

21 MR. LUDWIG: As I mentioned a minute ago,
22 Roberto is going to have to leave earlier because if he
23 doesn't, he will not be back in Washington for a couple
24 of days. If anybody has anything they would like to
25 address directly to Roberto -- we are going to continue

1 with the session and take all of your comments, but he
2 will have to leave at 11:00. So if somebody would like
3 to address something or ask something specific of
4 Roberto, since we have this opportunity to have him with
5 us, I would like to open it up for that.

6 Please.

7 MS. NEWPORT: Mr. Salazar.

8 MR. SALAZAR: Yes.

9 MR. LUDWIG: Come on up.

10 MS. NEWPORT: Good morning. Melinda
11 Newport of the Chickasaw Nation. Before you left, I
12 just wanted to take the opportunity to tell you,
13 Mr. Salazar, that we particularly appreciate your
14 committee and this process. I know that you stood firm
15 and carried out a lot of patient explanations, and I am
16 very grateful for that and look forward to the success,
17 and appreciate all of the hard work and efforts that
18 have been put into the process.

19 MR. SALAZAR: Thank you.

20 MR. LUDWIG: Okay. If we will, we'll go
21 ahead and go back to our tables. Anyone else from the
22 third table back?

23 Okay. Come on up. And you can come twice.
24 You can come three times, Mr. Squirrel. Whatever works
25 for you works for us.

1 MR. SQUIRREL: Bud Squirrel, Cherokee
2 Nation again. Concerning the '07 budget. When I
3 started in this position with Food Distribution for the
4 Cherokee Nation six years ago, we had seven -- we had 52
5 positions in our budget and everyone -- now we have 42.
6 That's ten in six years that we have lost. I have not
7 been able to replace any one of those people just trying
8 to keep up with the budget.

9 The last three years -- three years ago, we
10 had a \$39,000 deficit. Last year was in the thirties.
11 This year 23,000. The last three years the tribe has
12 had to make up the difference. And we are losing ground
13 that way. And there is no way I can keep up with that
14 and probably retain my job. I guess I'm doing a lousy
15 job because I'm losing money every year. But we still
16 served 14,000 people three years ago.
17 13,000-and-some-odd last year, and -- 14,000 three years
18 ago, I mean.

19 We are losing a number of participants, but I
20 take that as a good sign. The Cherokee Nation has built
21 a few casinos and they are hiring. There are 5000 more
22 Cherokees that are working at these casinos in the past
23 three years. So that is making a positive difference in
24 the number of people we have to serve. I'm glad to see
25 that.

1 But still yet, I have one certification clerk
2 that has to do 3500 -- you know, recerts a year. You
3 know, that's how much of a job it is. And before, we
4 had three. We had a couple of them we lost. One went
5 to another job, another had to retire for health
6 reasons. And we have not been able to replace them.
7 Because every one of them takes a few thousand dollars.
8 We are at a position where my people are overworked.
9 Some of them are frustrated. They come to me monthly
10 and tell me how much work they have to do and I tell
11 them, Just do me a good job eight hours a day. That's
12 all I expect. Because I realize everything that you
13 have to do.

14 Whenever we go to a national meeting, some of
15 the tribes that are well-funded, adequately funded, they
16 bring their janitors with them. You know. They might
17 even have a council member that they funded. They bring
18 the whole crew to the national meeting. And, me, I
19 wouldn't go if my supervisor above me didn't make me go
20 just to save a couple thousand dollars in the program.
21 I volunteer at home.

22 But you have to be there. You have to keep
23 up with everything that is going on at the national
24 level. So they make me go, or I wouldn't be there, just
25 to save a couple thousand dollars.

1 reason, our participation went down. I know why it went
2 down. You know, we didn't have the monies to maintain
3 our trucks to go to these tailgate sites. We ended up
4 having to shut down tailgate sites. So that made it
5 further for -- because we serve five tribes, and we
6 serve them within their jurisdictional -- historical
7 jurisdictions before the Land Run, which Oklahoma is
8 celebrating this year.

9 I wonder how they are going to do that and
10 still be, you know -- anyway, that's another story.

11 Somehow or another we have come through all
12 of this. It hasn't been easy. I'm -- we had -- talk
13 about stress. Yes. I know I went through a nervous
14 breakdown at one point before I was even director.
15 After I became director, everything has been easier. I
16 don't know why. Because I can make decisions, you know,
17 that during the years, I seen shouldn't be made, but I
18 couldn't do anything about it because I was just a
19 little peon in the scale there.

20 But I think big. People tell me things are
21 impossible. I say, I'm sorry, I'm the eternal optimist
22 and I'm going for it. It's just, okay, you know.

23 But just like with Bud Squirrel, we've had
24 drop in participation. Hopefully it is because of jobs,
25 but I know in my situation, it's not. You know.

1 Now I'm living the American way with our 2007
2 budget. You know. And what is that? You owe money.
3 You know. I am going to keep the staff that I have
4 worked so hard to get because we are opening a new store
5 in Shawnee. And when that store opens, our
6 participation is going to go back where it was a long
7 time ago, before we had to drop all these tailgate
8 sites. You know. There are a lot of people out there
9 that have suffered because we haven't been able -- we
10 had to close the tailgate sites. And this is our big
11 project for the year. It's my dream. I got two more
12 years, too, to fulfill this.

13 And I do know that every time budget cuts are
14 made, you know, it is the minority, and especially the
15 Native American programs that, you know, get cut first.
16 And this isn't just with USDA. It's with all things.

17 And so -- but I do -- I really like this
18 option that we have. I would like to see the negotiated
19 level go up to 20 percent myself. But, you know, it's
20 better than five percent.

21 And I want to thank the funding group for all
22 of the hard work that they put into it. You guys, you
23 know, put my mind on overload just reading all of your
24 notes sometimes.

25 And I really appreciate Mr. Salazar coming

1 out and speaking with us, and for all of the support
2 that you guys have shown us, the USDA people. Thank
3 you.

4 (Applause)

5 MR. SALAZAR: I want to apologize to you,
6 but I do have to leave now. It's not that I don't want
7 to spend three or four more days here in Oklahoma. If I
8 want to fly back, they have to fly me back to a
9 different city and I have to leave a little earlier than
10 I originally planned.

11 I want to thank you all for coming out, and
12 I'll ask you to continue sharing your comments. Bill
13 Ludwig and Don Arnette will be here and will continue to
14 represent me and we'll record your thoughts.

15 I have to be very honest. When we planned
16 this particular meeting, we suspected that we would
17 receive some very welcoming and warm receptive comments
18 about these proposals and we understood why. We also
19 understand that some of the meetings that we are having
20 coming up will not be as warm and receptive, and I wish
21 you were there to be there with me. It will be cold,
22 but not because of the weather, I suspect. But it is
23 because it is difficult.

24 But in the end, I want you to know my
25 commitment to you and to all of your friends and your

1 colleagues and all of the tribes in this country, and we
2 will to take all of the information and evaluate it
3 carefully.

4 I already have a lot of questions myself that
5 Nancy doesn't even know about yet because I wasn't
6 involved in developing this preliminary proposal. It
7 was done by this Work Group, and I will have lots of
8 questions, as well. Because I do want it to be fair. I
9 want it to be progressive.

10 For some of you the change won't come fast
11 enough. But for others, the change will be too
12 dramatic. But, as I said before, and I will just say it
13 again, we must make a change and do the best job
14 possible with that. Because to continue with the way
15 things are, is not defensible. I cannot stand in front
16 of anybody and defend the way we do things now. It
17 doesn't make sense to me. There is no fairness to it in
18 my mind. And I find it difficult to argue with anybody
19 that this is a fair way that we do things currently. We
20 have to change that.

21 And, again, thank you for your time and
22 patience. This is a process. If you have other
23 questions that you weren't able to ask today that you
24 are thinking about as you are travelling home, write us
25 or e-mail Nancy or call us and let us know. If you want

1 directors and what they are doing. And when Jaime asked
2 me to come up, I said, Sure, I will be glad to.

3 Jaime does a real good job, real creative
4 work as far as serving our tribal members. And, you
5 know, I need to brag on her just a little bit.

6 But my goal as tribal administrator is to
7 serve the neediest of Comanches. Yes, we have the Base
8 Re-Alignment and Closure, BRAC, in Southwest Oklahoma.
9 It's booming. You see the military. We are going to
10 gain something like three or 4000 people in about four
11 or five years.

12 We have the casinos. I think we are the
13 fourth largest employer in the county now. But even at
14 that, we have a lot of tribal members that have needs.
15 And I'll say that our elders and our children are the
16 backbone of our nation. And if we serve the elders and
17 the children, we'll take care of the middle. And we are
18 working at that all of the time.

19 Jaime said -- well, the first meeting I went
20 to and they were talking about this methodology for
21 funding, she said, I was afraid to support it because I
22 go to the meeting, and if we support it, what if I come
23 back and have less money than we started with? I said,
24 Well, that makes sense to me, to not to do that. But in
25 this region, and I understand what Mr. -- Salazar, was

1 it? -- was saying, that he would get a good welcome.
2 Because it seems like everything I have read of late is
3 that we have been underfunded for a long time due to
4 whatever methodology, whatever is occurring.

5 I know Jaime in her program, they do a lot of
6 tailgating and go out. So her needs in the future are
7 going to be for a van, trucks, things like that. And we
8 are going to continue that effort, to get out to the
9 rural areas. But she has done a good job since she has
10 been there. She has exceeded her match. I don't know
11 where you would consider these things where the tribe is
12 putting in more money of their own money to make up for
13 the need that is there.

14 Before Jaime come along, I think we were
15 sending back money. That's not good. Our base went
16 down. The amount of funding. She comes in. And now we
17 are exceeding our match. And where does that equal out?
18 Some way it is not equaling out.

19 But, again, the things that we are doing at
20 the Comanche Nation, we have the first college in
21 Oklahoma. We have more of our tribes that are starting
22 community colleges. And also we have a funeral home.
23 Talking about burial assistance. We have the Comanche
24 Nation Funeral Home taking care of some other needs that
25 we have.

1 councilman for the Seminole Nation of Oklahoma.

2 I talked with the director of our program a
3 couple of weeks ago. All of the details we talked about
4 from my meeting with him, he supports the new funding
5 plan.

6 Just listening to the presentation a few
7 minutes ago, I have a little bit of a problem with
8 Component 2. Talk about the limit on \$50,000 or more.
9 If you go over the limit, it seems like your funding
10 goes down a little bit.

11 A lot of times in the past two years, our
12 tribe has had to bail out our program. Our general
13 council has had to appropriate money for capital
14 expenditures like that.

15 At the present time we have a vehicle that is
16 about ten years old, which we are going to have to
17 replace. And, as you know, costs are always going up.
18 And that vehicle is not going to be under \$50,000 to
19 replace.

20 So I'm proposing -- I don't know if this is
21 already set in stone, but I'm proposing maybe raising
22 that level to at least a hundred thousand, because of
23 our expenses.

24 A few years back we converted our facility to
25 almost like a supermarket-type facility. The tribe had

1 to appropriate money to cover that.

2 Our tribe is -- we have one casino, a small
3 casino inside our convenience store. And we are not in
4 a position to always bail out our other programs, but we
5 have to do that from time to time. And, you know, since
6 we only have the one casino, we are not rolling in the
7 dollars, either.

8 But that's basically my comment. I think
9 that should be -- that level should be raised a little
10 bit.

11 And then on the negotiated component, I think
12 that should be raised a little bit, too. I kind of
13 agree with the Sac and Fox woman. It should be maybe 15
14 percent.

15 Our tribal members primarily live in Seminole
16 County, which is a very small county. The income level
17 of that county is really low. Unemployment is really
18 high. A lot of our tribal members live in the Shawnee
19 area, which the Sac and Fox Nation helps fund with their
20 program. So some of our tribal members also go to the
21 Sac and Fox to get help.

22 So the funding should be based on the amount
23 of people that are helped, and not just by, you know the
24 tribe itself.

25 But anyway, that is my comments. I'm sure my

1 other council member, Mr. Spencer, probably has some
2 better comments than I do. I don't know if he wants to
3 come up or not.

4 MR. LUDWIG: Let me ask a clarification
5 before you leave. The \$50,000, if they are using their
6 tribal funds, that is not included in the formula, is
7 that correct?

8 MS. THEODORE: No. It would only be the
9 federal share. If you spent \$50,000 or more of federal
10 funds, then we would take it out of the calculation.

11 MS. HENNELLY: Not only that, I would
12 like to clarify, what you were saying on the negotiated
13 amount, what we have set aside for that is 15 percent.
14 Not five percent. The five percent is based on the past
15 expenditures that we would take into account. The
16 negotiated amount is the 15 percent for the region.

17 MR. HARJO: Well, that is what I was
18 going to say, is that also on that, in the past, I think
19 it should be ten percent, and not five percent.

20 MS. THEODORE: Okay.

21 MR. SPENCER: I am also a neophyte. I'm
22 a new councilman. Almost a year and a half. Terry
23 Spencer, with also the Seminole Nation. The director
24 and chief were supposed to be here, but they are iced
25 in. And the chief has asked me to say they support the

1 formula, although I do agree with Jeff on these
2 recommended changes.

3 Obviously we want the formula that is going
4 to best benefit our own tribe, and like I have been
5 hearing from others, we don't direct our comments to the
6 other tribes. We want the program that will help us the
7 most.

8 As Jeff said, we live in an area that is
9 pretty depressed economically, and it hasn't changed a
10 whole lot. And, again, our resources in the tribe are
11 very, very limited. So we are not in a position to
12 really provide any outside assistance to our programs
13 like we would prefer. And we do have needs.

14 And, again, talking with our director, we
15 have a lot of physical needs that need to be addressed
16 in this program. Like you said, a vehicle. And we need
17 to do some, you know, some serious changes to our
18 facility. And all of those things, we are not able to
19 do at the current time. So any kind of additional
20 funding that will allow us to do that will be
21 appreciated.

22 I noticed in your packet, the Inter-Tribal
23 Council approved this, I believe in '05. And I believe
24 our chief is chairman of the Five Tribes at the current
25 time.

1 So, again, we support the changes. Evidently
2 -- it looks like you have done your homework. But we
3 still would like to see maybe it fine-tuned a little bit
4 more that would help us in our situation. But we
5 appreciate the opportunity of letting us express our
6 opinions on this. Thank you.

7 MR. LUDWIG: Okay. Anyone else from that
8 table? Come on up, sir.

9 MR. DAVIS: Fi Davis, I'm with the Osage
10 Nation in Oklahoma. The tribe that I represent has
11 always been, since the beginning when we started our
12 program, has always been underfunded, and we have always
13 asked why. Why are we underfunded? And why are we at
14 the level that doesn't share equity with the rest, not
15 only of the nation, but even compared to other programs?
16 Why do we have to run our program with less money? We
17 have always asked that.

18 I started with the program in 1994. In 1994,
19 I asked: How much money are we going to get to run
20 these programs? And how is that based on -- or what is
21 it based on, and how are you going to tell me that this
22 is the amount of money that we need to run our program?
23 And they couldn't tell me. They just said, This is what
24 you are going to get.

25 So every year, this group here, this group of

1 people here asks: Why don't we get the amount of money
2 that it takes to run a program to serve the number of
3 people that we serve? Because when you look at the
4 numbers -- and this is something that when we go to our
5 national convention or when we get together as a group
6 like we are here, the first thing we look at is the
7 numbers. And when you look at the numbers, you see the
8 number that we serve. And then you look at the funding
9 level. And that is what we do.

10 And I understand some of these things that
11 the other tribes, the other regions, are saying, and
12 being the squeaky wheel about. A funding formula would
13 seem to some of the tribes like, it is taking away their
14 sovereignty. And that is what we hold dear to our
15 hearts, is our sovereignty. Because, like some of the
16 other people have expressed, that's what other people
17 who are not Indian would like to take away from us. And
18 they take chunks of it away from us at times every
19 chance they get.

20 But we want to continue our sovereignty. And
21 this is not a point that this funding formula and this
22 Work Group here is aiming at. But it is something that
23 some of the other regions are using to not go on with
24 this funding formula, and the work that they are doing
25 -- the work that the funding formula group is doing.

1 But, like I said before, the numbers don't
2 bear out the fact of the amount of people that we serve,
3 the participants that we serve. And these programs
4 don't get the money that they should for serving the
5 numbers that they serve. And I don't get the amount of
6 money that I serve. Because every time these numbers
7 come out -- and we have been working on a funding
8 formula as long as I have been in the program. And
9 every formula that comes out shows that my program, just
10 my program alone, and I'm just talking about my program,
11 doesn't serve -- I mean, doesn't get the amount of money
12 that other areas, other regions, even other programs in
13 this region, don't get the same amount, the same
14 numbers, but less.

15 So, to me, this funding formula is only going
16 to be a benefit for me, for my program. And I'm not --
17 I'm not saying this because I need more money, because
18 I'm not -- I'm not greedy, like Jaime was saying.
19 Because I'm not asking for more money. I'm just asking
20 for this to be equal to everybody.

21 And what I'm saying here is, the reason for
22 this funding Work Group is equity. So that every
23 program that is represented and every tribe that is
24 represented gets what they have coming. And that's what
25 everybody wants anyway.

1 So that is all I'm saying, and that's all the
2 tribe, my tribe, says. We are underfunded, have always
3 been underfunded. Just give me my fair share. That's
4 all I'm asking. Thank you.

5 (Applause)

6 MR. LUDWIG: Anybody else from that
7 table? Okay, if we can, we'll move up to my next table
8 on the right, anybody except Melinda. You had your
9 chance.

10 MS. NEWPORT: I didn't finish.

11 MR. LUDWIG: Why did I know that?

12 MS. NEWPORT: Thank you.

13 Good morning, again. I bring you greetings
14 from Governor Bill Anoatubby and the "Unconquered and
15 Unconquerable Chickasaw Nation." My name is Melinda
16 Newport.

17 I would like to certainly say this. The
18 Chickasaw Nation appreciates the partnership that we've
19 shared with FNS for many, many years and the operation
20 of many programs. And certainly think that this is a
21 very high priority matter and appreciate the attention
22 that it is getting.

23 Administrative funding for the FDPIR programs
24 has long been a priority to the tribal leaders in this
25 region as evidenced by the myriad of resolutions that

1 you saw enclosed in the packet. I believe all of those
2 were from this region alone, and have been brought up
3 time and time again, as someone said, over the last 15
4 years with our various tribal councils and legislators.

5 Certainly our sister FNS programs allocate
6 administrative funding in a method that is reflective of
7 the participation that they serve, and that certainly
8 seems to be the most appropriate factor to include in
9 any funding methodology.

10 Certainly we would prefer a method that looks
11 only to the future, rather than perpetuating our
12 disadvantaged funding in the past. But we are more than
13 willing to concede the computation of Component 2 for
14 the greater benefit of a primarily participant-driven
15 methodology.

16 There has been a lot of give and take in this
17 process, and I'm certainly open to that. As many have
18 stated already, our desire is not for any tribe to
19 suffer a great loss or to be unable to function. We
20 just want to ensure an equitable distribution of the
21 funds that are available, and be able to offer the
22 services to our participants in these underfunded
23 programs that are able to be offered to similar
24 participants in another part of the country.

25 With regard to the negotiated amount, we are

1 very comfortable with this component. This region has
2 always been very thoughtful in negotiating the unique
3 needs of our programs, whether that be the WIC program
4 or the food distribution program.

5 I think we are very fortunate. We have a
6 great trust relationship with our FNS partners in this
7 region, that I'm not sure every region shares to the
8 degree we do. Therefore, we are very comfortable with
9 the negotiated amount talked about for FDPIR or the
10 operational adjustment funds and the WIC program.
11 Either of those have enjoyed a lot of success, and I
12 think can be very successful in this program, as well.
13 Because they do give you the opportunity to address
14 those one-time needs or something unique that comes
15 along, or a particularly creative idea that you may have
16 for your program. So we would certainly support that at
17 ten or 15 percent.

18 The Chickasaw Nation has always been
19 committed to the administration of nutrition programs
20 with excellence regardless of the funding we have had.
21 Certainly we have learned to be very efficient and to
22 coordinate among nutrition programs, and those certainly
23 have been beneficial for us.

24 The efficient application of a fair and
25 equitable funding methodology for FDPIR must occur to

1 ensure that all programs, as well as FNS, can operate
2 this program with integrity and accountability.

3 Thank you.

4 (Applause)

5 MR. LUDWIG: And thanks for the nice
6 words, Melinda. We do have a good direct working
7 relationship with our states and all of our tribes here,
8 thanks to Don when he was here.

9 Anybody else from that table? I'm going to
10 move forward one table. Chris, your table. Comments?
11 Please.

12 MS. RAYON: I'm Linday Rayon. I'm the
13 Program Director for the Muscogee (Creek) Nation Food
14 Distribution Program.

15 I just want to take a few minutes, just a
16 couple of minutes, to mainly echo what I have heard here
17 today and to state my appreciation for this opportunity.
18 It warms my heart to know that Washington is finally
19 listening to us; that they have come here to visit with
20 us on this, and I finally feel like that we are being
21 heard.

22 I was very proud to work on this funding
23 group. I don't know what I would have done if I hadn't
24 had the opportunity to be part of the group because I
25 would have been butting in, I'm sure, at each step along

1 the way.

2 It's been a lot of hard work. I feel like --
3 I'm not a tree-hugger, but I think we wasted an awful
4 lot of paper, but we went through this process with so
5 many steps, and I think we have finally come to the
6 point where it is something -- it is not going to make
7 everyone happy, but the points that we were able to
8 stick to, I think, are going to be something that we can
9 all work with.

10 I think I'm probably like one of those people
11 that say, I grew up poor, but I didn't know I was poor.
12 I ran this program for so long on so few dollars that I
13 thought that was -- you know, they said, This is how
14 much money you have, make it work, and most of the time
15 I was able to do that.

16 And then I get out and I see what's going on
17 around me, and I think, we could still make this program
18 work, but we could do it so much nicer. We could
19 provide such a better service to the people with more
20 monies. So we are going to have the program, we are
21 going to work and we are still going to do it, but with
22 more dollars, gee, we could do so much nicer things for
23 the people and give them the service in a much nicer
24 way. And that's what we are endeavoring to do.

25 And I, too, want to, like I said, echo some

1 is a very important process. What you are telling us is
2 being transcribed, and will go back to the Work Group
3 and to Nancy, and all of these proposals that are up are
4 going to be reconsidered, okay, based on those comments.

5 Do we have anymore comments? Nancy?

6 MS. THEODORE: Well, I just wanted to
7 make sure everyone has that website at the very end
8 there.

9 MR. LUDWIG: One too many.

10 MS. THEODORE: There we go. I want to
11 make sure everybody has the website there. That has a
12 lot of the information about the Work Group and the
13 deliberations of the Work Group. It also has a copy of
14 the November 28 package that went out. The cover letter
15 to that package has my contact information. That's
16 where all of your comments, your written comments, will
17 come in. If anyone has any questions, my e-mail address
18 is there. If you have any questions or if any of your
19 tribal officials have questions about the proposal, you
20 are not quite sure about what something means, just let
21 us know and we'll try to explain that to you. Because
22 you may need a little more explanation or to look at it
23 again before you can form some of your comments.

24 Please let us know, and we are welcoming any
25 and all comments on any aspect of the proposal, on any

1 of the components, the percentages, any of the
2 calculations that the Work Group has come up with.
3 Thank you.

4 MR. LUDWIG: Okay. And I would like to,
5 in conclusion, if no one else has any comments, I would
6 like to once again thank Lou Hankins, who is not here
7 with us because she had to take Roberto to the airport.
8 I would like to thank Chris Hennelly for all of her work
9 in making this possible. I thank Roberto for coming in
10 from Washington, and I want to thank my good friend Don
11 Arnette, from coming down. Don and I were together in
12 Washington last week, so we seem to be travelling in the
13 same places a lot. It is always a pleasure to have Don
14 with us.

15 With that, last opportunity for comments?

16 Yes, ma'am. I knew if I went long enough,
17 someone would come up. Please.

18 MS. SIMPLICIO: Good morning. You all
19 seem like you are asleep. I won't bore you.

20 MR. LUDWIG: Give your name.

21 MS. SIMPLICIO: My name is Celia
22 Simplicio. I'm with Pueblo of Zuni food program. I'm
23 the program director, and I have been the director for
24 23 years now. And in all that time I have been
25 operating with little money, so if this funding formula

1 does come about, I know that, you know, I'm going to get
2 more money. But I'm not going to be greedy and say, Oh,
3 boy, I'm going to get more money. But I know it is
4 equitable, based on being equitable.

5 I saw this one indecisive decision on the
6 set-aside funds of five percent, ten percent, 15, 20 and
7 25. I thought, why can't we just come in the middle, 15
8 percent. We are 19 programs, 15 percent, we are looking
9 at. The set-aside money is more -- nearly a million
10 dollars set aside. But if they are going to be having
11 problems with their trucks, which if it's ten years,
12 they might, they are like ten years old, and here, why
13 couldn't the directors project so that it will, you
14 know, when it comes to ten years, you know that the
15 vehicle needs to be -- why couldn't they start
16 projecting, you know, at this certain year we are going
17 to need. So they don't have to be left with a dead
18 refrigerated truck, you know, and then panic, you know,
19 with that. I think the directors should be able to
20 project their costs for capital equipment and whatever
21 they need.

22 But I believe that the 15 percent would be a
23 good negotiated percentage rate, that I would like to
24 see.

25 I have to apologize for my governor and

1 tribal council. They recently got elected and they are
2 in a transitional period. We got a whole new governor
3 and lieutenant governor. There is actually eight tribal
4 council, four women and four men. So that is equal.
5 And I know we have equal when it comes to that.

6 I sort of weigh on the women's side, because
7 I get along a lot more better with women than I do with
8 men. I have been underestimated before by men thinking
9 because of my size I couldn't operate that program.
10 Well, I'm bigger now, because of the commodity foods
11 that we get.

12 But as time went on, you get to learn, there
13 is a lot of dynamic women leaders that we have. And I
14 want to commend Melinda Newport. I knew she was going
15 to lose patience and speak out. I got Melinda Newport.
16 I got Chris to rely on. And in the past 22 years, I
17 have learned quite a bit from you and I want to thank
18 you.

19 And for the Pueblo Zuni, we are still
20 operating in a deficit, and if I can get what I have, I
21 know I can still operate, you know, like my mom would
22 say, Here, this is all you get, you know, and you are
23 not going to get anymore. I think I can still survive
24 on that.

25 So with the 19 children that the Southwest

1 Region have, I think the equitable amount of money that
2 we are going to be provided with the 15 percent
3 set-aside, that is plenty enough for anyone. But
4 program directors should start projecting what their
5 real needs are, based on actual costs, no dreams on the
6 side, maybe just actual costs, will help you survive
7 your program. Thank you.

8 (Applause)

9 MR. LUDWIG: Go back and educate that new
10 tribal council real well. I know you have your jobs
11 ahead of you when you get those new councils.

12 Okay, one last time. Do we have anymore
13 comments that anybody would like to make?

14 I want to thank everybody for braving the
15 weather and driving here today. Be careful going home.
16 Some of us won't be going home, so we will be staying in
17 your fair city another night. But anyway, thanks
18 everybody for coming, and if you have any comments,
19 additional comments, please send them in.

20 Yes, sir?

21 MR. DUNSON: Before we close, it has been
22 the tradition of closing with a prayer.

23 MR. LUDWIG: Yes.

24 MR. DUNSON: If you don't have that
25 scheduled, I would like to suggest we do.

1 MR. LUDWIG: Please come forward. Thank
2 you. And thanks for reminding my staff.

3 MR. DUNSON: If you will all rise for a
4 word of prayer.

5 Oh, Gracious Heavenly Father, we come to you
6 this day and we just thank you for the blessing of this
7 gathering. God, we just ask for your direction that you
8 give our leaders wisdom. God, we just thank you for the
9 workers, because they are so few.

10 God, we just ask that you look over our
11 nations, and the nations of all people, as we struggle
12 in this world.

13 God, as we travel many directions, we just
14 ask and we come to you in our time of need and time of
15 decisions. God, we also ask you for tribal mercies,
16 because we see the power of your glory. Just protect
17 all those that are out on the road, the ones in our
18 nations and around the country and around the world;
19 that are in the state of helplessness, that are in need,
20 that are in despair and in agony. God, we are afflicted
21 with health concerns.

22 God, we know this is all according to your
23 will. And great things will come about. God, we just
24 thank you so much once again for this gathering.

25 In these things we ask, Amen.

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(End of Meeting)

