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**KILI Radio: The Voice of the Lakota Nation
A Teaching Case Study in Tribal Management
for Oglala Lakota College
by
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KILI RADIO: THE VOICE OF THE LAKOTA NATION

In the summer of 1990, the staff and Board of Directors of KILI Radio faced a crisis. Rumors and doubts about the financial status of this non-profit enterprise had circulated for weeks and staff salaries had been suspended on July 6, but it was not until mid-month that the fears of those involved were officially confirmed. At a July 12 meeting concerning the station's direct mail campaign, Business Manager Carol Brown Eyes disclosed that a sizable debt existed on the books, and that more bills were flowing in with every mail delivery. As they added up, the numbers told a grim tale: KILI's debts totaled over \$170,000. This situation merited serious consideration of a shut-down.

Later in the summer, the station did cease operations for two days, so that members of the staff and Board of Directors could meet together to discuss KILI's future. As they reviewed the record of the past, two questions were primary in their minds: What was the background of the crisis? And if KILI was to remain on the air, what policies might they adopt to guide the station's continued operations?

Paha Sapa¹ II

The single largest contributor to KILI's debt was the financial failure of *Paha Sapa II*, a concert held in Rapid City in June 1990. The event was intended to be the first in an annual series of follow-up concerts to *Paha Sapa I*, which had earned \$23,000 for the station in the previous year.

Certainly, a large portion of this initial success was due to the active support of nationally-prominent singer Willie Nelson. Nelson and the other big-name acts recruited with his help donated their services to the event, so that *Paha Sapa I* could be run as a benefit concert. But success also stemmed from the commitment and support of two communities. Rapid City interests met some concert expenses (for example, advertising and programs), and members of each of the co-sponsoring reservation groups (KILI Radio,

¹ *Paha Sapa* is the Lakota phrase for "Black Hills". Geographically, these consist of the mountainous area of western South Dakota and eastern Wyoming. Since times past, this area has played a central role in Lakota spirituality. The Sioux tribes of South Dakota have waged a long legal battle to regain this religiously-significant area from the state; however, the case remains unresolved.

This case was written by Miriam R. Jorgensen and Karl Eschbach for use at Oglala Lakota College. It was prepared under the direction of Professors Stephen Cornell and Joseph Kalt, co-directors of the Harvard Project on American Indian Economic Development, and with special editing advice from Manley Begay. Support was provided by the Kellogg Foundation through the Managers as Warriors curriculum development project directed by the Research Institute at Oglala Lakota College. The case was designed for class discussion rather than to illustrate either effective or ineffective handling of a managerial and administrative situation. Neither is it intended as an administrative report, so certain facts may have been altered.

Oglala Lakota College and the Wellness Coalition^{2,3}) volunteered time and organizational effort to help make the event run smoothly.

In planning *Paha Sapa II* the sponsoring organizations desired to build upon the legacy of the first concert, not only because of its fundraising potential, but also because of the valuable experience volunteers received. Tribal members were gaining skills in a broad range of areas -- from marketing and community outreach to stage management and event planning -- all through their work on the concert and exposure to the highly professional music industry. Unfortunately, building on the first concert proved difficult. From the earliest planning stages of the second concert, there was disagreement between the concerned parties about how to proceed. The biggest dispute was over location. One argument supported an August concert in Sioux Falls -- a city nearly 300 miles from the Pine Ridge Reservation; the opposing argument advocated another concert in June in the Rapid City area. (See Map A in Exhibit 1.)

Fundraiser Mark Tilsen was the primary organizational force behind *Paha Sapa I*. Tilsen was not a tribal member, but as a core constituent of KILI's founding group, had been intimately involved with the radio station from its inception. He had served as the station's first development director, and later, as an independent contractor, he was responsible for running KILI's direct mail fundraising campaign. Clearly, his commitment to the station and knowledge of fundraising made him an invaluable part of the concert team. Equally important, Tilsen's then-active involvement in organizing benefit concerts gave him contacts with many recognized musicians.

While working on the production crew of the spring 1990 Farm Aid concert, Tilsen secured a commitment from Nelson to perform another *Paha Sapa* show. Shortly thereafter, he was able to gain commitments to benefit performances from several other acts. The complication was that if prominent entertainers were to donate their services and contribute to production costs, the concert would have to be held at the convenience of the performers. According to the schedules of the musicians with whom Tilsen had talked, a June concert date would not be possible. August was on the tentative agenda.

So was the city of Sioux Falls. Tilsen believed he could organize an extremely profitable concert in that city. Besides a basic feeling in the industry that Sioux Falls was more of a "concert town" than Rapid City, Tilsen had procured support from various Sioux Falls civic and commercial interests (which would provide arena space and office accommodations), and the South Dakota Public Television Network had agreed to state-wide television coverage the event.

² The Wellness Coalition is a reservation organization for the promotion of family health, particularly freedom from substance abuse.

³ The co-sponsoring organizations split the proceeds of *Paha Sapa I* as follows: KILI Radio (1/2), Oglala Lakota College (1/4), and the Wellness Coalition (1/4).

Tilsen reported these developments at an early May 1990 meeting of the concert steering committee. Formally, this group was comprised of two representatives from each of the sponsoring organizations. Committee member and station manager Wilson Two Lance did not attend the meeting, but at least one KILI staff representative was there. Because it was closer to the reservation, some of those present at the steering committee meeting preferred that the concert be held in Rapid City; however, after listening to Tilsen, all present decided to support his plans for a Sioux Falls concert.

At this point, real controversy erupted. Because of KILI's position as primary recipient of concert proceeds, KILI's stance on the location and timing issue was critical -- and Station Manager Two Lance strongly disagreed with the decision for an August concert in Sioux Falls. Two Lance based his view on consideration for tribal members and his personal appreciation of South Dakota's "Year of Reconciliation".⁴ First, Two Lance rightly believed that a Rapid City concert would be more accessible for tribal members, as the city was only 90 minutes from most reservation population centers. He also argued that the phrase "We can do it ourselves" meant just that. Finally, he believed that holding a concert which both non-Indians *and* Indians could attend would bring the two populations closer together, in accordance with the true spirit of "reconciliation" between the two peoples. Hence, Two Lance announced that contrary to the decision of the steering committee, *Paha Sapa II* would take place in Crazy Horse Park (outside Rapid City) in June.

Tilsen tried to dissuade Two Lance from this position by reiterating the gains he had made with both the performers and city of Sioux Falls. Yet the appeal was unsuccessful, and the Station Manager held firm to his beliefs and his commitment to a Rapid City area event. Unfortunately, this decision meant that most of the performers who had agreed to an August concert, including Willie Nelson, could not participate, as they had already booked the June date. Commitments from Sioux Falls interests were also invalidated, and it proved impossible to obtain similar support in Rapid City. At this time, Oglala Lakota College and the Wellness Coalition withdrew from co-sponsorship of the concert, since their participation had depended on the confidence which their representatives had in the plans being made for Sioux Falls. Karleen Hunter, a volunteer from Oglala Lakota College stated, "I believe we can do it ourselves too, but that doesn't have to mean that we can do it ourselves *now*."

In the midst of these changes, the Two Lance plan advanced. Because most promises of donated participation and financial support had evaporated, the concert changed its organizational focus quite dramatically and became a commercial concert. In other words, KILI Radio made commitments to pay for all aspects of the concert -- performers, concert site, and promotional material -- in hope that the investment would return a profit. Two Lance had become the primary concert organizer, so most of these plans were undertaken in isolation of other decision-makers. In particular, conversations which occurred after the concert indicated that it was not clear whether members of the KILI Board of Directors even knew of the decision to run a concert with such heavy up-front expenses.

⁴ In memorial of Wounded Knee 1890 and in an effort to promote racial harmony, South Dakota Governor George Mickelson, declared 1990 to be the "Year of Reconciliation" between Indian and non-Indian residents of South Dakota.

The June 30, 1990 concert proved to be a disaster. Only about 300 tickets were sold. The lead act, Restless Heart, withdrew from participation when cash flow problems at KILI delayed the promised final payment. There were several logistical problems, including the non-delivery of concert programs. The loss sustained from the concert was estimated at more than \$70,000.

Other Financial Difficulties

The station had other financial problems as well. In addition to the concert, KILI anticipated that its bingo operation would be a second principle funding source for the fiscal year. Yet it failed to deliver the \$84,000 in revenue it had been projected to raise.

Given the experience of the previous fiscal year, many at KILI believed this was a reasonable estimate of bingo's income generation potential. In 1988-89, KILI's bingo manager had undertaken studies of the bingo market to determine the most appropriate location and game format. Then, he secured what appeared to be a stable arrangement for a bingo hall; the site (the former Lakota Studios building) was easily accessible from the communities of Mission, Porcupine, Wounded Knee, Pine Ridge and Oglala. (See Map B in Exhibit 1.) In its first months, the operation developed a good reputation on the reservation and was known to earn as much as \$1700 on a good night. In a mere four months of operation in early 1990, bingo raised over \$30,000 for the radio station.

Unfortunately, bingo problems developed during 1989-90. The operation's obvious profitability motivated leaders in the Manderson District to establish a game of their own, which ran in competition with KILI bingo. This necessarily decreased attendance at KILI's game. More devastating, however, was the station's loss of its bingo hall. Personal considerations and the pressure of a competitive bid led the owner of Lakota Studios to re-let his building to the Manderson District bingo organizers. KILI's only recourse was to switch to a roving bingo, which operated at a different school gymnasium each week. The new situation changed manpower needs, confused the public as to game dates, and overall, resulted in a significant bingo income shortfall for the station.

As income needs became more severe, the station developed an on-going operating deficit. This included a \$40,000 debt to the First National Bank of Gordon, in Gordon, Nebraska. Since KILI's income had always been irregular, the station had formerly established a credit line with the bank in order to meet immediate cash flow obligations. But during the first half of 1990, the station spent its credit limit -- even after it became apparent that money to pay the debts was not simply delayed, but would not come in at all. The station also amassed other debts in the form of unpaid bills, particularly bills for concert expenses. And as noted previously, after July 6, the station was unable to pay its staff members their regular salaries.

It was apparent to close observers that KILI's governing board was not adequately informed about the crisis into which the station had fallen. The Board held its first post-concert meeting on July 17th, at which time board members were asked to approve a request for a bank loan. The Board did not, however, ask any questions about how the problems had developed. Rather, financial difficulties were treated as "business as usual", even though the amount of indebtedness probably did not permit such a relaxed attitude. In fact,

no action was taken by the Board at this meeting to further address the station's increasingly tenuous financial situation. One station staff member, later reflecting on this fact, said, "If this was a real board, we would have been seriously reprimanded, or even suspended [for allowing such a situation to develop]."

Within a few days, a letter from Tilsen reported the magnitude of the crisis. He suggested that there should be a substantial restructuring of both board and staff operations and relations. On August 1, the Board met again. This time, the impact of the financial crisis was finally made clear, and some preliminary decisive actions were taken. The board members present voted to request the resignation of their chairman, Roy Stone, who had not attended the meeting. They also decided to go off the air for two days so that all of those involved with the station -- board members and staff personnel -- could meet together to consider what might be done. This meeting was set for August 22, at which time the Board was to decide on a full response to the crisis.

Mission and Accomplishments of KILI Radio

Despite financial crisis, it is a tremendous achievement that KILI Radio managed even to get on the air, much less stay on for over seven years before such severe problems developed. Many Indian radio stations had gone on -- and off -- the air in less time. Yet KILI managed to survive, providing reliable service to the Lakota people. A review of the founders' goals and the station's history reveals some of the factors which may have led both to the station's continued survival, and to some of the problems which occurred in 1990.

KILI Radio was born in the aftermath of the 1973 Wounded Knee confrontation. In 1977-78, some members of the Dakota American Indian Movement (AIM) convened discussion groups to address various political and social needs on the Pine Ridge reservation. Since many participants felt that inadequate access to reliable and efficient forms of communication had been a major problem during the uprising, one group committed to study the ways in which communication on the reservation might be improved.

Their investigation confirmed that there was often no way for information about events on the reservation to become known to the Lakota people. The tribal government had recently attempted the development of television broadcast capacity, but with the need for highly trained technical personnel and a dearth of televisions, this attempt was soon abandoned. Other parties were exploring the possibility of a community newspaper⁵. Ideas for a Citizens Band (CB) radio or telephone network were also explored and even tried for a time; again, limited accessibility was a roadblock to truly effective communication with even these simple approaches. For example, an AIM survey at the time estimated that only 1700 telephones were available on the reservation to serve a population of nearly 20,000. The study group felt that these considerations argued for an exploration of radio: Not only did most households possess radios, but the medium was believed appropriate because of the strong oral tradition among the Lakota.

⁵ The *Lakota Times* was founded during this approximate time period as well. It is a prominent, independent and Indian-owned newspaper which primarily serves the Pine Ridge Reservation.

After this initial decision, the road ahead was a long one. One very important and immediate follow-on decision was the question of authority -- under what authority would the station operate? Some of the founders wanted to base the authority of tribal members to operate a broadcast radio station on treaty rights. While this stance reflected the political commitments of many of the founders, two pressures eventually led the core organizing group to seek formal authorization from the Federal Communication Commission (FCC) of the United States government. First, because the Tribe was not a signer of international telecommunications agreements that would permit it, under international law, to license a broadcast station, it was not clear that the authority of U.S. government-Sioux Nation treaties was sufficient. Second, knowledge that a station licensed by the FCC could apply for grant assistance from federal government agencies was also convincing.

Deciding to work with the FCC, and by extension, the tribal government, led to a host of further considerations. For instance, when the founders of KILI applied for a planning grant from the Federal Public Telecommunication Facilities Program (to support the community needs assessment required for a FCC license and some engineering work), they discovered that the Tribe had already received such a grant.⁶ The agency would give another grant only if the tribal government agreed to close out its grant and report that it was not planning to build a station. After some negotiation, the Tribe did so, and further, used the remaining grant funds to collaborate with KILI on the required community needs assessment survey.

Besides requiring a needs survey, the FCC mandates that a station have control of its broadcast site. Because reservation land is owned by the Tribe as a whole, such legal site control was difficult to arrange. Eventually, the Tribe agreed to grant the station a 99-year lease on their selected property and the right to build a broadcast facility upon it -- as long as the FCC agreed to the arrangement and the plan met no opposition from the community.

The FCC was soon convinced, but community approval took more time. The location chosen for the station and broadcast tower was Porcupine Butte (see Map B, Exhibit 1), a site which an engineering study had shown to be one of the best places on the reservation for a transmitter. The Butte's location in the Porcupine District, where there was a core of support for both AIM and the concept of a radio station, was also a plus. However, because Porcupine Butte possessed special spiritual significance, questions arose about the appropriateness of building on this site.

Seeking to resolve this concern, the organizing group requested that ceremonies be performed to determine whether or not the station should be built on Porcupine Butte. From these, spiritual leaders discerned that the station could be located on the Butte, but only if certain conditions were met. The station was put under obligation to respect the spiritual significance of its place by continuing to sponsor ceremonies. Founders also had to agree that the station would not serve the self-interest of particular individuals or groups, and instead serve the entire tribal community. When the tower was finally erected, an eagle

⁶ The Tribe received this grant in association with their exploration of television broadcast capacity.

feather was placed at the top to seal these commitments. Even the station's call letters reflect this spirit; in Lakota, the word "*kili*" means "good and special".

A promise to serve the community was also a condition of federal grant assistance. There was a requirement that, in addition to its own governing board, the station establish a Community Advisory Board (CAB) to stay informed of the needs of the people in its service area. The station created a community board with two representatives from each of the reservation's nine districts.

These various influences converged to insure that although the station grew out of AIM, it would not be an "AIM operation". The United States government (especially the FCC), the tribal government, the people of Porcupine District, elders and spiritual leaders, and, ultimately, the Lakota people, had to agree that the station could go on the air, and the founders had to agree to serve all of those from whom they received support. For these reasons, and as a result of the beliefs of the founders themselves, the maintenance of traditional spiritual values, use of the Lakota language, and a commitment to community service were the primary goals which KILI endeavored to meet.⁷

Those associated with KILI radio are proud of their accomplishments. For instance, one founder described the exhilaration of the staff when their initial test broadcasts led to a sudden barrage of phone calls from around the reservation. They realized that many people must have had their radios already tuned to the station frequency, anticipating the first broadcast of a Lakota controlled station. More comprehensively, station affiliates believe that they have helped maintain the use of the Lakota language by broadcasting programs in Lakota, a particular help to those who prefer to speak and listen in the language. They believe that they have helped make people aware of political issues and governmental deliberations, from district council meetings to action on the Bradley bill.⁸ They believe they serve a practical community need to convey information about local events, weather conditions, and school closings.⁹ And they believe that they have an appeal which reaches far beyond those people who originally supported an AIM radio station. One staff member summed up this appeal by saying, "Everyone likes KILI radio. Some people always get mad about some of the programs we air. But, you know, *they get mad because they listen to it.*"

Governing Structure I - Organization, Board and Membership

KILI Radio operates under regulations of the FCC and of the Corporation for Public Broadcasting. These entities have classified KILI as a Class C Public Radio station, a designation which commits the station to programming eighteen hours a day, seven days a

⁷ The station's official documents state, "The mission of KILI is to unite and empower the Lakota people through public radio program service that is involved in community life and celebrates that life through education, enrichment, entertainment and information."

⁸ The so-called Bradley bill was a U.S. Senate bill of the late 1980s, sponsored by Senator Bill Bradley (D-N.J.), which provided for the return of a sizable portion of the Black Hills to the Lakota people.

⁹ Besides the three daily local news shows and a full schedule of other regular presentations, the station broadcasts an average of 40 public service announcements per day, in both English and Lakota.

week. KILI is further committed by reason of its classification to maintaining a paid staff of at least five persons.

KILI Radio is owned by Lakota Communications, Inc. This is a non-profit corporation organized under the laws of the State of South Dakota, for the express purpose of providing mass communications, via its 100,000 watt transmission tower, to the Indian people of the Pine Ridge Reservation. Six booster towers, also owned by Lakota Communications, Inc., allow Indian people in a five state area to tune in to KILI.

Because KILI was founded during a very difficult time on the reservation (not long after the occupation of Wounded Knee and the violent clashes among reservation factions and federal agents in the community of Oglala¹⁰), the founders were concerned that forces within the Tribe, the state government, and in Washington D.C. might try to keep the station from broadcasting or control what was broadcast. They felt that in order to fulfill their mission, they had to establish a governing structure for Lakota Communications which would ensure the relative independence of the station from these entities.

The founders thus created a "closed board" system for its governing directors. That is, while anyone in the community can become a member of the KILI corporate unit and make nominations to the Board of Directors, the closed structure gives the Board itself sole authority to elect other board members. When KILI's Articles of Incorporation and By-Laws were drafted, organizers felt this was the best way to guarantee that KILI would not be controlled by detrimental political interests. (Exhibit 2 contains excerpts from these documents which detail some of these rules.)

Board members are elected to one-year terms of office. However, it is up to the Board to determine how many terms an individual member may serve. In general, board members have served for several terms in succession. In fact, some outsiders say there is an attitude among board members that they are elected for life, or until they choose to resign.

As mentioned previously, federal rules mandate that the Lakota Communications Board of Directors be complemented with a community advisory board. The CAB, however, has no legal rights or specific responsibilities, except to advise. Historically, the advisory board has played a small role, and in recent years, it has ceased to function.

KILI's constitution calls for an annual meeting of the corporation's members -- essentially anyone who demonstrates an interest in and involvement with the station.¹¹ The Board is to report to the members on the operations of the station and learn what members wish for KILI to do. Yet regardless of this input, the Board of Directors has full authority to set policy for the station. Thus the membership's role, like that of the CAB, is largely advisory. Indeed, annual meetings of the general membership of the corporation have been rare.

¹⁰ See Peter Matthiessen, *In the Spirit of Crazy Horse* (Viking Press, 1991).

¹¹ For more precise definitions and meeting information, see Exhibit 2, Articles IV and VIII of the Articles of Incorporation for Lakota Communications and Articles III and IV of the By-Laws.

Governing Structure II - Operating Staff

Before the 1990 financial crisis, the station was operated by a full-time staff of twelve; this staff was assisted by some part-time and special contract employees, as well as a number of volunteers. KILI's chief operating officer is the station manager. Other members of the station's executive staff are the program director (who is responsible for the content of the station's programming), the development director (who oversees fundraising efforts), and the business manager.

It has been the expectation of many associated with KILI that the station manager and program director be tribal members with respect for traditional Lakota values, and if possible, be Lakota speakers: Individuals with such characteristics might naturally preserve and maintain the founders' commitments to a Lakota-controlled community radio station.

Board - Staff Relations

The first station manager, Dale Means, assumed his duties prior to the first KILI broadcast and served until 1986. Means was not only part of the team which had founded KILI, but a board member as well.¹² In fulfilling these various roles, he was known to keep the Board closely informed about all activities at the station. Overall, the Board and Means were in agreement about the way in which KILI was run.

After Means left the station, the relationship between the Board and the staff became less clear. In the absence of any written rules detailing the responsibilities of the station manager or of the Board, no one quite knew where the job of one began and the other ended. At times, board members were criticized for interfering in the day-to-day operations of the station. Principals rarely knew where their authority began and at what point it let up. Yet no clear routines for board-staff communication were developed; in particular, the group did not establish a regularized reporting system through which to share operating and financial status information. Commented one staff member, "It was known that the Board was to set policy. It was just not clear what this meant."

Certainly, part of the difficulty arose because, after Means left, the Board experienced difficulty in finding suitable station managers. Hobart Yankton was appointed to the position after Means, but he soon became a controversial figure. One board member resigned because she did not feel she could work with Yankton. After approximately two years, the Board requested that Yankton himself resign. He was followed by a succession of interim managers while the search for a suitable permanent manager was undertaken. Business manager Carol Brown Eyes served as station manager for one month in mid-1989, and then Board Chairman Roy Stone served until the year's end.

By late 1989, the search for a new manager had yielded four applicants. Mr. Two Lance, who managed the station during the early stages of the 1990 financial crisis, was selected from this pool. He came to the position with five years of work experience at KILI, during which time he had learned the requirements of many positions at the station. Among

¹² Many of the core organizers actually became board members. Members of the start-up board included, among others: Severt Young Bear, Nellie Red Owl, Bruce Ellison, Joanne Tall, and Dale Means.

the others things which commended his selection were the facts that he was the grandson of a board member and that he was a Lakota speaker. Board members eventually decided that in order to keep the station true to its goals, this latter characteristic was an absolute requirement for any permanent station manager. Given these work experience and cultural qualifications, the Board believed that Mr. Two Lance was the best candidate for the job.

Financial Needs and Sources of Funding

Keeping true to its goals has been one difficult challenge for the board and staff of KILI Radio. Insuring a steady stream of funding to meet the annual budget has been another. When KILI began broadcasting in 1983, its budget was approximately \$200,000; the projected budget for the 1989-90 fiscal year was \$350,000. KILI founders, and now the KILI Board, were and are constantly faced with the task of raising large amounts of money every year, to meet cash flow requirements as they arise.

Grants are an important source of funding for any non-commercial station. In general, grant monies are available from foundations and from several agencies of the federal government. KILI has received many grants over the years. The largest of these have come from the Corporation for Public Broadcasting and are intended to contribute toward operating expenses; these are grants to which KILI is entitled, as are all public radio stations. Notable among the other grants KILI has received were gifts from Pacifica, another minority broadcasting corporation, which provided equipment and training for the staff of the young station.

In the early eighties, a feeling developed among some board members and executive officers of the staff that the station should not become too grant dependent. For one thing, these individuals recognized that grants are more often given for start-up, and less often for regular operation. Thus, a "grant-seeking" policy might be more useful in the early years of a project than in later ones, and certainly should not be relied upon to keep vital operations going. Another feeling supporting the move to a more or less "grant-free" status was the sense that if KILI were to think of grants as a primary source of funding, particularly large grants from a few sources, it would always be potentially subject to the political control of the funders. Besides having to fear a particular funder's loss of interest in the station, this possibility smacked of the kind of control that the station's founders had been so eager to avoid.

Thus by 1990, KILI had, for the sake of independence, chosen to limit its pursuit of grant funds and to refuse financial support from the Tribal Council or from usual federal sources (such as the BIA). In the midst of the financial crisis, however, the Tribal Council made an offer to give financial assistance. Justifying previous concerns about control, this offer was made with several strings attached: that KILI withdraw from its bingo operation, that the station discontinue the controversial "Porcupine Women's Organization"¹³

¹³ The Porcupine Women's Organization is a vocal advocacy group whose general purpose is to support traditional Lakota values in politics and community affairs. The organization has played a "watch-dog" role in several recent debates on the reservation, including the long-discussed *Mni Wiconi* federal water project. The group requested air time to run a program and was granted an hour each week. When covering issues, they often use a "Meet the Press" type format for interviews with political and community leaders. As with almost any broadcast which addresses political

broadcast, and that the Board fire non-Indian staff member Tom Casey. Thus, one more decision which the Board would have to make in the upcoming weeks was to whether to accept this support, together with the potential loss of control it implied.

Ordinarily, listener donations also form an important part of a community radio station's funding base. While this is true for KILI, the station's development directors have always acknowledged that this source will never be primary -- KILI faces the difficulty that its listening audience has a high rate of unemployment and low average income, so the population has less "spare cash" to contribute to public radio than would be true elsewhere.

Therefore, KILI's annual nation-wide direct mail solicitation has been its largest and most stable source of funds. KILI is most unusual in the strength of its support from a group of donors *who are not within its broadcast range*. To date, some 23,000 non-listeners have given money to KILI, including 10,000 repeat donors. In fiscal year 1990, the station projected an income of \$100,000 from direct mail donations.

The support KILI receives from within its listening area is raised through merchandising efforts, fundraising appeals, and advertising. The corporation's most ambitious attempt to raise funds locally was with KILI bingo.

Because of the limited potential of on-reservation fundraising and the Board's concern about the disadvantages of grants, KILI has tried to maintain a broad base of support. During a recent fiscal year, the station projected income from as many as 22 different sources. (Exhibit 3 shows the funding source projections for fiscal year 1989-90 and also details operating appropriations.)

What is to be Done? Organizing for the Long Term

As it confronted KILI Radio's substantial indebtedness, the Board of Directors faced two problems. The most immediate concerned the station's finances. The options were several: Should they accept tribal funds, despite the potential manipulation to which that might subject KILI? Should they appeal to their direct mail supporters with honesty, even though there was no guarantee that such a fundraising drive would solve their problems? Should they attempt negotiations with their creditors? Should they declare bankruptcy and shut down, bowing to the pressure placed on the station by their debt and the FCC requirements? Should they attempt some combination of the first three options, or something else completely?

The second problem was contingent on the first and perhaps even more difficult. If the station remained in operation, the key players had to sort out exactly what had gone wrong at KILI, evaluating the events and developments which had led to the financial crisis. Subsequently, the Board had to decide what might be done to ensure that such a crisis would not be repeated.

issues, the show has become controversial.

There were a variety of points of view among board members about what to do next. Some felt strongly that the root problem was KILI's departure from its spiritual foundation in Lakota values. They argued that many of those now associated with the station were not sincere and had allowed self-interest to stand in the way of KILI's mission. Further, they held that KILI was no longer well-grounded in ceremony, as it had been at the peak of its success. Proponents of this viewpoint saw the financial trouble as somewhat incidental to this broader spiritual concern.

Another key issue in determining what went wrong was determining who was at fault, the Board or the staff. On one hand, it was the staff which had spent money that KILI did not have. It was the staff that made questionable decisions about *Paha Sapa II* and bingo. And it was the staff that had failed to regularly equate actual income with revenue projections. To some players, these observations suggested that the executive staff should simply be replaced.

On the other hand, it could be asserted that the problem was with the Board itself. The Board had ultimate responsibility for KILI's ability to pay its bills. What had it done to make sure that the staff was budgeting responsibly? Why were board members not more actively involved in the planning of *Paha Sapa II*, to prevent the fiasco? Why did neither staff, nor board, know who was responsible for what decision?

On August 22 and 23, KILI staff members closed the station, so that all employees could meet with the Board. Then, the entire group could work together on a course of action. All of these issues and questions weighed heavily on their minds as they approached the discussion table.

SOUTH DAKOTA - Metropolitan Statistical Area, Counties, and Selected Places

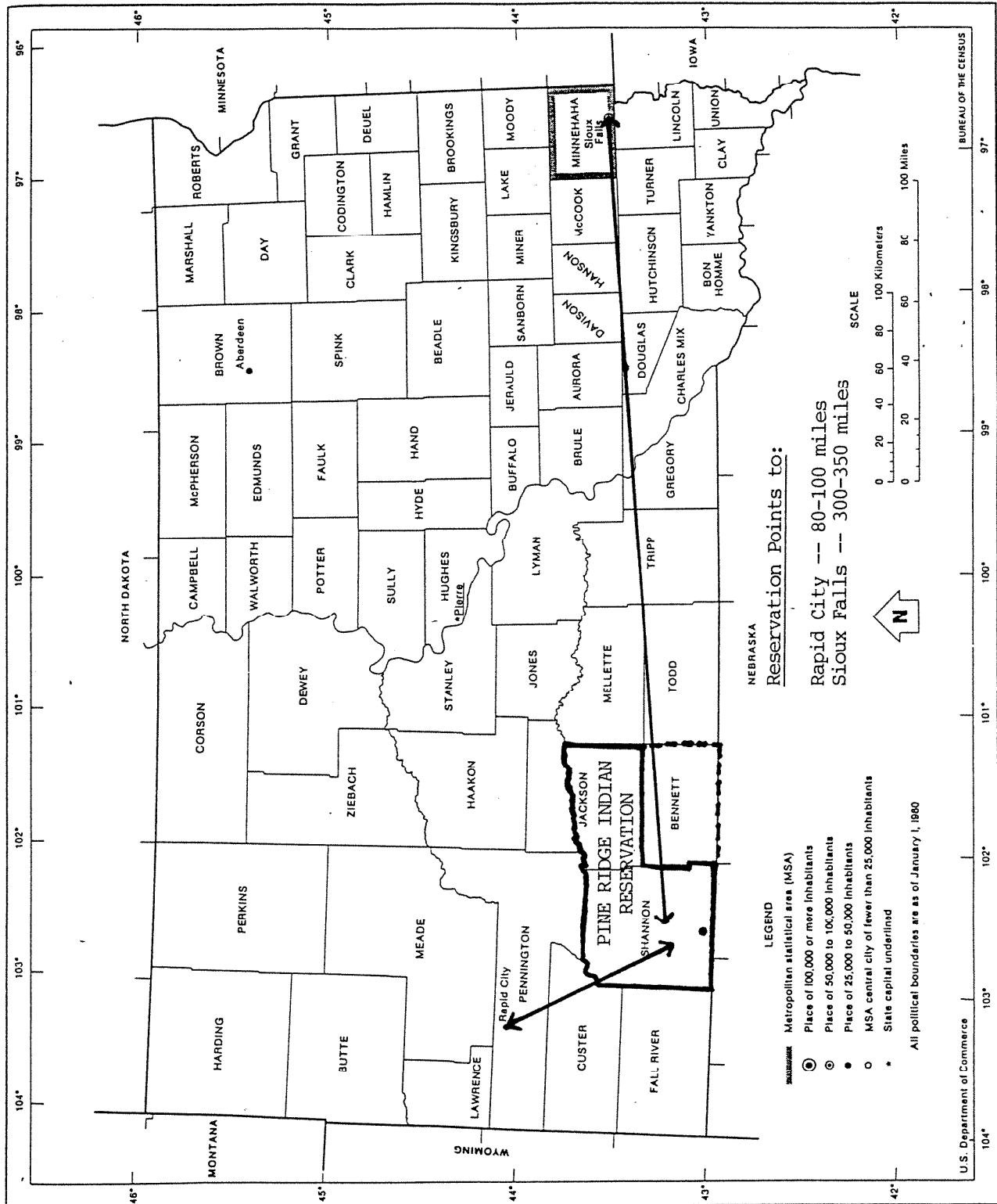
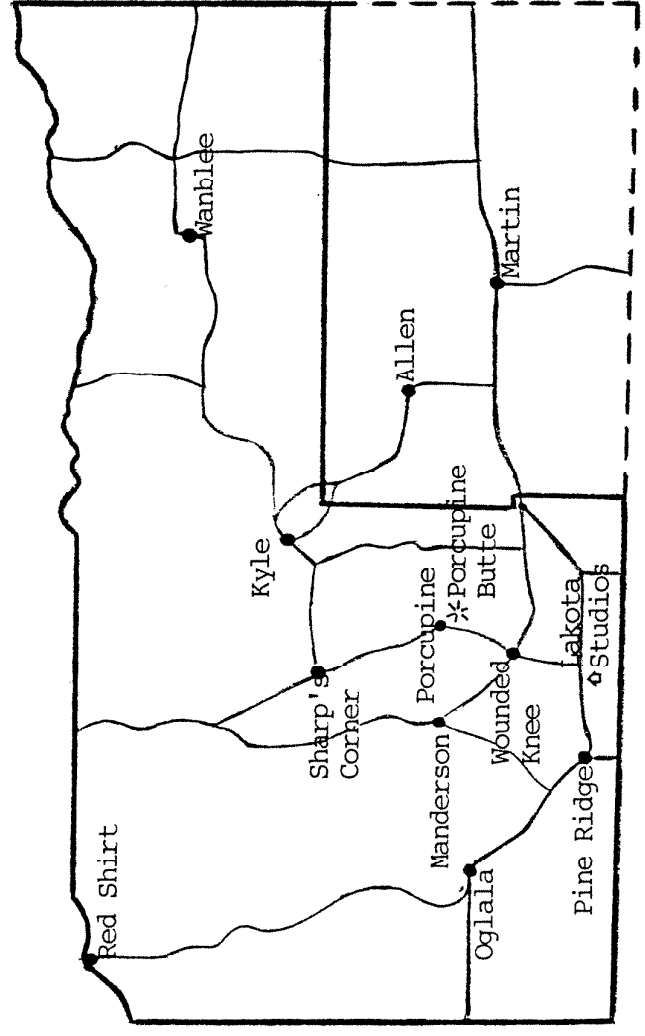


EXHIBIT 1 (page 1 of 2)
MAP A

EXHIBIT 1 (page 2 of 2)
MAP B

PINE RIDGE INDIAN RESERVATION

Scale: One inch = 16 miles



Extracts from the

ARTICLES OF INCORPORATION: LAKOTA COMMUNICATIONS

We, the undersigned, for the purpose of forming a non-profit corporation under and pursuant to the provisions of SDCL 47-22, do hereby associate ourselves together in a body corporate and adopt the following Articles of Incorporation.

Article III: Purpose

3.1 The corporation is organized to establish mass communication on the Pine Ridge Reservation, to disseminate information to the public on issues concerning the Indian people through the use of all types of media.

3.2 The corporation is organized exclusively for charitable, educational, religious, and scientific purposes, included, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law).

Article IV: Membership

4.1 The General Membership of the corporation shall consist of those residents of the Pine Ridge Indian Reservation who demonstrate an interest in and involvement with the objectives of the corporation who register with the corporation under such procedures as are adopted by the Board of Directors.

4.2 The supporting Membership of the corporation shall consist of any and all individuals who demonstrate an interest in and involvement with the objectives of the corporation who are voted such membership by the Board of Directors.

Article VI: Management

6.1 The management of the corporation shall be vested in a Board of Directors numbering seven individuals.

6.3 The tenure in office of the aforesaid first Board of Directors shall be until their successors are elected and qualified as provided hereinafter.

6.5 The tenure in office of individuals serving on the Board of Directors after the initial Board shall be one year or until their respective successors are elected and qualified.

6.6 Any vacancies which occur on the Board may be filled by majority vote of the existing Board.

Article VIII: Annual Meeting

8.1 The annual meeting of the General Membership of the corporation shall be held at such location on the Pine Ridge Indian Reservation as specified by the Board of Directors or by the Executive Committee, and at a time as specified by them upon reasonable notice to all directors and members.

Article XI: By-Laws

11.1 The Board of Directors of the corporation may enact such By-Laws for the administration and regulation of its affairs, not inconsistent with the Articles herein or applicable law, as it deems appropriate, by an absolute majority vote of then serving Directors at any duly called Board of Directors meeting...

Article XIII: Restrictions

13.4 No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

Article XIV: Amendment

14.1 These Articles may be amended in the manner authorized by law at the time of amendment.

Executed in duplicate on the 7th day of May, 1980.

Extracts from the

BY-LAWS OF LAKOTA COMMUNICATIONS, INC.

Article II: Board of Directors

SECTION 1. General Powers. The affairs of the Corporation shall be managed by its Board of Directors. Directors need not be residents of the State of South Dakota or members of the Corporation, except that at least one member of the Board shall be a resident of the State of South Dakota.

SECTION 2. Election, Number, Tenure and Qualifications. The number of Directors shall be seven (7). Directors shall be elected at the annual meeting of the Board of Directors by a majority vote of the current Board. Each Director shall hold office until the next annual meeting of the Board of Directors and until a successor shall have been elected and qualified. Directors are eligible to succeed themselves.

SECTION 3. Regular Meetings. A regular annual meeting of the Board of Directors shall be held without other notice than by this by-law, immediately after, and at the same place as the annual meeting of members. The Board of Directors may provide, by resolution, the time and place either within or without the State of South Dakota, for the holding of additional regular meetings of the Board without other notice than such resolution.

SECTION 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 8. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of the majority of the remaining Directors, though less than a quorum of the Board of directors. The Director elected to fill a vacancy shall be elected for the unexpired term of the predecessor in office. "Any directorship to be filled by reason of an increase in the number of directors may be filled by the Board of Directors for a term of office continuing until the next election of directors.

Article III: Members

SECTION 1. Classes of Members. The Corporation shall have two (2) classes of members.

SECTION 2. Qualifications of Members. The Board of Directors shall have the power to establish the conditions of membership, dues,

and assessments levied upon members. Such membership qualification will be established by an affirmative vote of a majority of the Directors.

SECTION 3. Election of Members. Members shall be voted in by the Board of Directors. An affirmative vote of a majority of Directors shall be required for membership.

SECTION 4. Voting Rights. Members shall have voting rights on such matters as may be brought before them upon resolution of the Board of Directors. Each members shall be entitled to one vote on each matter submitted to a vote of members.

SECTION 5. Termination of Membership. The Board of Directors, by affirmative vote of a majority of all the members of the Board, may suspend or expel a member for cause after an appropriate hearing...

Article IV: Meetings of Members

SECTION 1. Annual Meeting. An annual meeting of the members shall be held for the purpose of the transaction of such business as may come before the meeting at such time and date in June and at such place on the Pine Ridge Indian Reservation as the Board of Directors shall resolve. If the day fixed for the annual meeting shall be a legal holiday in the State of South Dakota, such meeting shall be held on the next succeeding business day.

SECTION 2. Special Meetings. Special meetings of the members may be called by the President of the Board of Directors.

Article IX: Contracts, Checks, Deposits & Funds

SECTION 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these by-laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Article XI: Books and Records

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of meetings of the membership, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at its registered or principal office a record giving the names and addresses of the members. All books and records of the Corporation may be inspected by any member, or the agent or attorney thereof, for any proper purpose at any reasonable time.

Article XV: Amendments to By-Laws

These by-laws may be altered, amended or repealed and new by-laws may be adopted by a majority of the Directors then in office at any regular meeting or at any special meeting if at least ten days' written notice is given of intention to alter, amend or repeal or to adopt new by-laws at such meeting.

These By-Laws were adopted by vote of the Board of Directors at a duly called meeting held on February 13, 1983, a quorum being present, by vote of 4 in favor and 0 against.

KILI: Fiscal Year 1989-90

PROJECTED REVENUES BY INCOME SOURCE

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Non-discretionary Sources

CPB/CSG*	\$ 58588
CPB/NPPAG*	25949
Grants Pending	0
Grants Proposed	7200
Carry-Over	0

Subtotal	\$ 91737

Discretionary Sources

Direct Mail	\$100000
Dance Machine	5000
National Friends	16000
KILI Marathon	8000
Merchandising	5000
Program Underwriting**	25000
Sports Underwriting	7500
Bingo	84000
Contributions	0
Special Projects	15500

Subtotal	\$266000
	=====
TOTAL	\$357737

* CPB is an abbreviation for the Corporation for Public Broadcasting. This is an assured annual funding source for KILI.

** The term "underwriting" refers to advertising or sponsorship of a program or sports event.

OPERATING APPROPRIATIONS: FY 1989-90

Overall budget and allowable expenditures by category for each area described:

DESCRIPTION	OVERALL BUDGET	BUSINESS ADMIN	DEVELOPHEM	PROGRAMMING	PRODUCTION	OPERATIONS	L.N.B.S.	NEWS
STATION MGR	\$20000.00	\$20000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PROGRAM DIR.	\$18200.00	\$0.00	\$0.00	\$18200.00	\$0.00	\$0.00	\$0.00	\$0.00
DEV. DIRECTOR	\$16000.00	\$0.00	\$16000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BUSINESS MGR.	\$19500.00	\$19500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NEWS DIR.	\$10400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10400.00
DIR. MAIL/PROGRA	\$20000.00	\$16000.00	\$0.00	\$4000.00	\$0.00	\$0.00	\$0.00	\$0.00
ASST. BUS. MGR	\$12000.00	\$12000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
RECEPTIONIST	\$8320.00	\$8320.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PROD. COORDINATO	\$13500.00	\$0.00	\$0.00	\$0.00	\$13500.00	\$0.00	\$0.00	\$0.00
MUSIC DIRECTOR	\$7800.00	\$0.00	\$0.00	\$7800.00	\$0.00	\$0.00	\$0.00	\$0.00
PROGRAM/PROD	\$5200.00	\$0.00	\$0.00	\$5200.00	\$0.00	\$0.00	\$0.00	\$0.00
PROGRAM/PROD	\$5200.00	\$0.00	\$0.00	\$5200.00	\$0.00	\$0.00	\$0.00	\$0.00
DJ PROC. FUND	\$12500.00	\$0.00	\$0.00	\$12500.00	\$0.00	\$0.00	\$0.00	\$0.00
OPER. ENGINEER	\$10400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10400.00	\$0.00	\$0.00
FRINGE @15%	\$26853.00	\$11373.00	\$2400.00	\$7935.00	\$2025.00	\$1560.00	\$0.00	\$1560.00
SUB-TOTAL	\$205873.00	\$87193.00	\$18400.00	\$60835.00	\$15525.00	\$11960.00	\$0.00	\$11960.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CONSULTANTS	\$3000.00	\$3000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ENGINEERING	\$6000.00	\$6000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LEGAL FEES	\$3000.00	\$3000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INSURANCE	\$5000.00	\$5000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AUDIT	\$6000.00	\$6000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SUB-TOTAL	\$23000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EQUIP-TECH	\$8500.00	\$2500.00	\$0.00	\$1000.00	\$0.00	\$5000.00	\$0.00	\$0.00
EQUIP-OFFICE	\$2000.00	\$1000.00	\$0.00	\$1000.00	\$500.00	\$0.00	\$0.00	\$0.00
R/M-BLCG	\$2200.00	\$2200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
R/M-EQUIP	\$8500.00	\$500.00	\$0.00	\$3000.00	\$0.00	\$1500.00	\$3500.00	\$0.00
SUB-TOTAL	\$21200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ELECTRICITY	\$19200.00	\$17000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2200.00	\$0.00
TELEPHONE	\$10000.00	\$10000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LAND LEASE	\$89.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SUB-TOTAL	\$29289.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TRAVEL-LOCAL	\$6500.00	\$1500.00	\$0.00	\$1000.00	\$1000.00	\$1500.00	\$500.00	\$1000.00
TRAVEL-OFF	\$9200.00	\$5300.00	\$4500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TRAINING	\$10000.00	\$5000.00	\$0.00	\$5000.00	\$0.00	\$0.00	\$0.00	\$0.00
SUB-TOTAL	\$26300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MEMBERSHIP DUES	\$1000.00	\$1000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PUBS/SUBS	\$1700.00	\$0.00	\$0.00	\$439.00	\$1261.00	\$0.00	\$0.00	\$0.00
SATELLITE SERV.	\$14575.00	\$0.00	\$0.00	\$14575.00	\$0.00	\$0.00	\$0.00	\$0.00
A/P SERVICE	\$5200.00	\$0.00	\$0.00	\$0.00	\$5200.00	\$0.00	\$0.00	\$0.00
SUB-TOTAL	\$22475.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PRINTING/PROMOT	\$6000.00	\$6000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
OFFICE SUPPLIES	\$5900.00	\$3000.00	\$0.00	\$500.00	\$500.00	\$500.00	\$700.00	\$700.00
POSTAGE	\$2000.00	\$2000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COPIER INSTALL.	\$3500.00	\$3500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COPIER EXPENSE	\$1500.00	\$1500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MUSIC ACQUISIT	\$5700.00	\$0.00	\$0.00	\$5700.00	\$0.00	\$0.00	\$0.00	\$0.00
SUB-TOTAL	\$24600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BOARD EXPENSE	\$1500.00	\$1500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
OPEN HOUSE	\$2000.00	\$2000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SUB-TOTAL	\$3500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PENALT/INTEREST	\$1500.00	\$1500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MISC.	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SUB-TOTAL	\$1500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	\$357737.00	\$264886.00	\$22900.00	\$153384.00	\$39511.00	\$32420.00	\$6900.00	\$13366.00