



August 30, 2017

Attn: Revise Indian Trader Rule
Office of Regulatory Affairs & Collaborative Action
Office of the Assistant Secretary – Indian Affairs
1849 C Street NW, Mail Stop 4660-MIB
Washington, DC 20240

I am the CEO of Ho-Chunk, Inc. and a member of the Winnebago Tribe of Nebraska. We appreciate the opportunity to discuss how 25 CFR part 140 (Licensed Indian Traders) directly impacts tribally owned entities. Ho-Chunk, Inc. was formed in 1994 with myself as the only employee and, despite existing in challenging times for tribally owned small business, Ho-Chunk, Inc. has developed into over 30 subsidiary companies that have operations in 21 states and 9 foreign countries with over 1,000 employees. Despite this apparent prosperity, our growth has been stunted due to the archaic legal and taxation environment in which we exist.

The system for tribal/state taxation is so complicated and entangled that it really cannot be fixed. This is obviously the result of an ad hoc approach to taxation and other rules over 120 years of U.S Supreme Court precedent setting the taxation rules rather than statutes or well thought out regulations. So if it is possible that these regulatory changes could solve some of the underlying taxation and jurisdictional issues, it could create legal and economic certainty, which would lead to far more investment into Indian Country. You shouldn't need a PHD in Federal Indian common law to build a gas station on a reservation. This is a real chance at a fresh start.

Limited Ability to Attract Outside Investment

In my role as the chairman of the board of the Sioux City Area Chamber of Commerce, I participate in the economic recruitment of large companies in our three-state region of Iowa, Nebraska, and South Dakota. Each state offers a variety of incentives, including Tax Increment Financing (property tax relief), sales tax rebates for new development, state income tax credits, generous regulatory environments and a variety of smaller tax or tax credit based incentives. These standard development tools are unavailable to tribes. Trust land prevents even having property taxes as a source of tribal income, so TIF financing is out. Sales taxes under the current system are based on the race of the consumer on tribal lands and so no sales tax incentives are available. We aren't allowed to even tax a non-Indian company and can't offer income tax incentives. Further we have no ability to make the state offer their incentives to on-reservation developments. All other incentives are clouded by uncertainty because any non-tribal business might be subject to dual taxation problems between the tribe and the state.

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The current system leaves tribes in a terrible position. We are unable to effectively recruit businesses to our jurisdictions; which states can do routinely. We instead are forced to try and create our own corporate entities to build businesses, but we do this in an uncertain tax and hostile legal environment and when you throw in a lack of experience in these development areas, then you do not have a recipe for success.

This system essentially dooms large, poor, and geographically isolated tribes to extreme poverty. The tribes can't recruit companies effectively and are highly unlikely to be able to create an internal entity to drive the economy either. Even if the tribe did create a large company, that company alone can't make a large enough impact to raise thousands of people from poverty. The ability to recruit economic stimulating companies to the reservation is a key development strategy that simply is missing because of this tax and jurisdictional uncertainty. The current system's uncertain parameters act as an active barrier to capital investment, which often makes a dire economic situation worse.

The Need for Economic and Legal Certainty

Prior to 2004, we were unwilling participants in a jurisdictional battle with multiple states over the taxes due on our gasoline sales. We spent considerable resources fighting and litigating with the states regarding blended gasoline we manufactured on our reservation. During this period, we were smaller and our ability to give back to the community was limited. In 2004, we settled our dispute via a Compact with the state to share the tax funds. We entered into this compact in order to provide legal clarity and visibility, and to put an end to the high cost of fighting, notwithstanding our superior legal position due to value add manufacturing occurring on the reservation.

The compact cost a large percentage of our tax revenue that could have been used for local development. However, the business visibility and clarity that this arrangement provided allowed our company the autonomy to develop and double in size to over \$200 million per year in revenue. We were in turn also able to take the taxes generated and our profits and reinvest them in our community, funding our down-payment assistance program and encouraging home ownership for our tribal members. This investment has since supported the development of 40 privately owned homes and provided \$10 million for investment into our community via our various community benefit projects. We specifically reinvested large portions of our net profit into the community. Ho-Chunk and its entities are proud to provide many unique benefits to enhance employment, community development, education, professional development and health and social well-being, but this can only be done when tribal companies can attain a certain level of economic scale and such scale is hard to achieve in an uncertain economic, tax and legal environment.

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Trust Land is a Major Economic Impediment

Dual taxation and the restrictions on Federal Trust Land create another large impediment to economic development on Native American Reservations that severely limit our ability to expand. I have spoken before the United States Senate and written multiple articles detailing the issues facing Native American Corporations. See Attached Article. "The Curse of Trust Land."

Our current and ongoing disputes with states regarding taxation is limiting our growth both on our own reservation and outside of it. We currently spend hundreds of thousands of dollars per year in legal costs, and incalculable amounts of lost time and profits, which could be used to fund economic development. We are currently the largest real estate property developer in the nearby Sioux City metropolitan area. Imagine our potential contribution if we were able to focus our energies on development and expansion, without the loss of time and resources spent fighting dual taxation and trust land issues. If we can resolve and remove these limitations imposed upon the tribal community, we can continue to grow our community tenfold. For each dollar we reinvest, we create not only economic development and expand our business lines, but create job opportunities for our Tribal Members in our community as we grow closer to our goal of economic self-sufficiency.

Ho-Chunk, Inc.'s Economic Impact Study

In 2015, Ho-Chunk, Inc. requested Gross & Associates perform a study, the result "The Economic Contributions of Ho-Chunk to the Winnebago Reservation, Iowa, Nebraska, South Dakota, and the U.S." illustrates the extent of the impact Ho-Chunk has had on the local economies. We attach this study and incorporate it to these comments by reference. This study details the positive impact that Ho-Chunk Inc. has been able to have both on the reservation and in the surrounding area.

Ho-Chunk is profoundly committed to using the benefits derived from our business entities to help all tribal members succeed. We hope that our suggestions for tribally owned entities and small businesses are considered in greater detail. Please feel free to contact me if you have any questions on any of our comments.

Respectfully,



Lance Morgan
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Ho-Chunk, Inc.

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NEWS

Ending the curse of trust

Lance Morgan • March 23, 2005

The era of federal tribal trust land must end. It no longer makes any sense and it doesn't even work.

It also serves as the single largest impediment to Indian country's economic growth and tribal sovereignty.

The 120-year-old underlying rationales for trust land are gone. So why do we have it? I really can't think of a good reason.

The federal government has a general trust and treaty obligation to Indian country that encompasses health, education and housing. These obligations must be honored. However, this obligation doesn't need to include controlling all of our land, its usage and its natural resources.

Because the trust obligation and trust land sound so similar, we tend to think of them as symbiotic and vital to tribal status. But trust land doesn't confer any special benefits. And it isn't part of our culture. We just have been living with it so long that we have quit questioning its underlying logic.

We shouldn't be trying to protect trust land status. On the contrary, the very name and concept of trust land should be offensive to us. The only time you have a trust for someone is when the person is too young, irresponsible or considered mentally incompetent – ouch, all of us?

If you had to pick one reason why tribes and American Indians have suffered so much poverty over the last 100 years, what would it be?

Trust land.

Back in the late 1800s, in order to stop scam land sales and egregious tax seizures by state governments, the federal government took title to all tribal and individual American Indian land. The side effect of creating trust land practically guaranteed our poverty as tribes and as a people.

Trust land can't be sold, taxed, mortgaged or used as collateral. Trust status severely restricts the tribe's and an individual's ability to use our largest asset, our land and its resources.

Trust land prevents tribes from implementing property taxes. This lack of a tax base has several negative impacts. It means no money for bonds, which results in no money for local schools, no money for infrastructure projects and no money for local law enforcement.

Trust land left us completely dependent upon the federal government. It is no coincidence that the BIA is forced to operate our schools, build our roads, and run our tribal law enforcement operations.

Trust status hurts individual American Indians. It prevents us from using our land as collateral, which has effectively killed Native-owned agriculture. This system left us with almost no choice but to lease out our land, primarily to non-Indians. That's why we are land rich, but still dirt poor.

Trust killed homeownership. We couldn't get a mortgage on trust land until recently; and you had better have a couple years to wait for the paperwork. Lack of homeownership, denies us the ability to establish equity and create long-term wealth that can be passed on to the next generation. This lack of wealth creation and the lack of ability to leverage our land severely restricts tribal entrepreneurship.

These trust land-related issues make escaping poverty very difficult, if not impossible, and leaves large portions of our population stuck in a cycle of dependency.

What if the federal government tried to control states the way they control tribes? They would have to set up a federal agency to manage all land, handle all health issues, be in charge of all schools, set up a bureaucracy to negotiate economic deals, and take full fiduciary responsibility. Such an agency sounds ludicrous and anyone who would even suggest it would probably be labeled a communist or, at the very least, a socialist. Indian country would make Karl Marx proud.

The underlying rationale for trust land is gone. This isn't the 1880s. If every other self-governing people in our country can buy and manage their own land, then we should be able to as well. We did OK from 10,000 B.C. to 1492. Also, when the land went into trust status we were approximately 50 years from having tribal constitutional governments. Our governments have largely matured to the point where we can manage our own land now.

The answer is to remove trust land from the general trust obligation.

Why not give us back our land? Title to trust land should be returned to tribes and individuals in fee under a new tribal status. This new tribal status must confer permanent jurisdiction, complete with full taxation powers, to the tribe, ensuring that the land will always be subject to tribal jurisdiction regardless of the race of the landowner. In one move, we can liberate Indian country economically and politically.

I have discussed this issue with several government officials, tribal leaders and tribal lawyers. Most are cautious at first and then enthusiastic as they think through the positive implications for tribal sovereignty and economic development. They especially want to make sure that this idea isn't a prelude to some kind of back-door termination policy. Each person also usually brings up some kind of unique situation or problem that complicates the discussion. It is clear that there would be many details to work out, but the basic concept is sound.

The beauty of this proposal is that tribes, American Indians and the federal government win and nobody else gets hurt. Tribes will be able to fund their government the way all other governments do – no, not through casinos – through taxation. Both tribes and individuals will be able to take back control of their own assets. Homeownership will explode, impediments to entrepreneurship will be removed and our fractionated heirship problem will disappear.

The federal government can get out of the trust land management business and maybe even the Cobell litigation. It is costing taxpayers at least \$400 million per year to manage approximately \$380 million in funds. This money could be distributed directly to tribes to make up for the major under-funding issues that tribal programs have been dealing with for decades.

The state governments should also favor this proposal. Reservations are often economic dead zones. Making us economically prosperous can only help state and local economies. Besides, the state doesn't have any control over trust land now. We are just talking about solidifying jurisdiction and taxing power over former trust land only, not land currently subject to state control.

Even non-Indians shouldn't really care. Any individual or entity who deals with a tribe on the new tribal lands will know upfront that they will be subject to tribal jurisdiction. They will have entered into a contractual and consensual relationship with the tribe by knowingly subjecting themselves to tribal jurisdiction.

We no longer need to be protected. We claim to want sovereignty; well, here it is staring us in the face. The only way we are going to achieve real sovereignty is if we control our own destiny.

Besides, we speak English now. Give us back our land!

Lance Morgan is CEO at HoChunk, Inc.



Comments

Comments are closed.

The Economic Contributions of Ho-Chunk to the Winnebago Reservation, Iowa, Nebraska, South Dakota, and the U.S.



Produced for Ho-Chunk, Inc.
August 25, 2015

Goss & Associates

Ernest Goss, Ph.D., Principal Investigator
and Jeffrey Milewski, B.A., M.S., Senior Research Economist



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Preface

The Economic Contributions of Ho-Chunk to The Winnebago Reservation, Iowa, Nebraska, South Dakota, and the U.S.

The subsequent analysis was prepared for Ho-Chunk Inc. by Ernest Goss, Ph.D., Principal Investigator, and Jeffrey Milewski, Senior Research Economist at Goss & Associates. Findings remain the sole property of Ho-Chunk, Inc. and may not be used without prior approval of this organization. Any errors or misstatements contained in this study are solely the responsibility of the authors. The authors' biographies are provided in Appendix B. Please address all correspondence to:

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¹This study was completed independent of Creighton University. As such, Creighton University bears no responsibility for findings or statements by Ernie Goss and Jeffrey Milewski, or Goss & Associates, Economic Solutions.

Goals of the study

This study will examine the impact of Ho-Chunk business operations on the states of Iowa, Nebraska and South Dakota. Additionally the study will investigate the impact of Ho-Chunk, Inc. on the the Winnebago Reservation.²

All estimates contained in this study, unless otherwise indicated, are in 2015 dollars. Estimates are provided for Ho-Chunk's spending on the Sioux City metropolitan area and on the states of Iowa, Nebraska³ and South Dakota.

Using input-output multipliers, the study provides sales, earnings, and job impacts. This study, while funded by Ho-Chunk, Inc. was developed independently of this organization.

The Goss & Associates research team thanks the Board of Directors and staff of Ho-Chunk, Inc., and Blue Earth Marketing. Goss & Associates wishes to especially thank Margaret "Peggy" Arrasmith, financial analyst with Ho-Chunk Shared Services, who worked tirelessly to provide us with reliable data for our estimation models. However, any errors, omissions, or misstatements are solely the responsibility of Goss & Associates and the principal investigator.

²In this study, Native will be used to refer to companies owned by qualified Native Nations (i.e. American Indian Tribes).

³Spending in Nebraska outside of Dakota, Dixon and Thurston counties is included.

Glossary

Term	Definition
Discounted	Unless stated otherwise, all financial data in this report are stated in 2015 dollars.
Direct impacts	The set of expenditures applied to the predictive model for impact analysis. For example, direct impacts include Ho-Chunk employee spending.
HCI	Ho-Chunk, Inc.
Input-output analysis	A type of applied economic analysis that tracks the interdependence among various producing and consuming sectors of an economy.
Jobs supported	A job in RIMS = the annual average of monthly jobs in that industry. Thus, 1 job lasting 12 months = 2 jobs lasting 6 months or = 3 jobs lasting 4 months each.
Labor income	Wages & salaries plus self-employment income.
Overall sales impacts, or total impacts	Amount of additional sales, including retail sales, wholesale expenditures, construction sales, etc. It is analogous to gross domestic product (GDP) but will include some double counting and will thus exceed GDP.
Private workers	All those working excluding government workers, state, local, and federal.
Productivity growth	Growth in Gross Domestic Product (GDP) per worker.
Region and Sioux City Metropolitan area	The Sioux City Metropolitan area includes the Iowa counties of Plymouth and Woodbury, the Nebraska counties of Dakota, Dixon and Thurston, and the South Dakota county of Union.
RIMS (Regional Input-Output Multiplier System)	Using classic input-output analysis in combination with regional specific Social Accounting Matrices and Multiplier Models, RIMS provides a highly accurate and adaptable model for its users. The RIMS database contains county, state, zip code, and federal economic statistics which are specialized by region. See Appendix A for a discussion.
Self-employment income	Income of proprietors of non-incorporated companies including attorneys, accountants and consultants.
Spillover impact	Impacts in businesses and industries tied indirectly to Ho-Chunk spending. For example, wholesale firms that sell to Ho-Chunk, Inc. experience spillover impacts.
Wages and salaries	The total payroll cost of the employee paid by the employer. This includes wage and salary, all benefits (e.g. health, retirement, etc) and employer paid payroll taxes (e.g. employer side of social security, unemployment taxes, etc).
Tribal Community	Native American residents of the Winnebago Reservation.
Winnebago Reservation	Zipcode 68071.
Winnebago Community	Same as Tribal Community.

Executive Summary

The Economic Contributions of Ho-Chunk to The Winnebago Reservation, Iowa, Nebraska, South Dakota and the U.S.

Since its inception in 1994, Ho-Chunk Inc. has made investments across the region and the nation to diversify the economic opportunities of the Winnebago Reservation and contribute to its growth and economic well-being.

I. Ho-Chunk's economic performance and direct contributions to the community:

- Since 1994, Ho-Chunk has expanded annual revenue at a spectacular compound growth rate of 46.1 percent and has grown employment at a compound annual growth rate of 29.3 percent.
- Ho-Chunk's employment of Natives rose at an annual compound rate of 18.3 percent between 1995 and 2014. Comparable compound annual growth rates for employment:
 - o for the State of Iowa was 0.2 percent.
 - o for the State of Nebraska was 0.4 percent.
 - o for the State of South Dakota was 0.8 percent.
 - o for the U.S. was 0.7 percent (average for all states).
- Ho-Chunk dividends advanced by 24.2 percent annually while net income expanded at a lower, but outstanding, 14.8 percent.
- Between 2006 and 2014, SBA 8(a) awards climbed:
 - o for the U.S. at a compound annual growth rate of 2.2 percent from \$11.8 billion in 2006 to \$14.0 billion in 2014.
 - o for Ho-Chunk, Inc. at a compound annual growth rate of 39.1 percent from \$81.1 million in 2006 to \$114.2 million in 2014.
- Between 2000 and 2014 Ho-Chunk Inc. contributed more than \$53 million to the Tribal Community. This amounts to more than \$31,000 for each member of the Tribal Community.

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These contributions had a \$100.7 million impact on the Winnebago Reservation.

Executive Summary

II. Ho-Chunk's impact on Winnebago Reservation income and quality-of-life of Tribal members

Between 1994 and 2014, Ho-Chunk expanded sales by 992.6 percent, net income by 670.0 percent, and Native employment by 80.9 percent. These gains contributed to the following changes during the same period of time for the Winnebago Reservation:

- Ho-Chunk generated almost \$5.4 million of retail construction in the Winnebago Reservation, and contributed more than \$2.7 million for Ho-Chunk Village development.
- Every 20 jobs added by Ho-Chunk, Inc., regardless of location, results in approximately 11 new jobs for the Winnebago Reservation.
- **Between 2000 and 2013:**
 - o the American Indian population on the Winnebago Reservation expanded by 32.3 percent compared to a lower 5.5 percent for Iowa, 9.0 percent for Nebraska, 11.8 percent for South Dakota, and 12.0 percent for U.S.
 - o the share of the Winnebago Reservation living in poverty sank by 5.1 percentage points, but expanded by 3.5 percentage points for Iowa, 3.2 percentage points for Nebraska, 0.8 percentage points for South Dakota and 3.1 percentage points for the U.S.
 - o median household income rose by 61.0 percent for the Winnebago Reservation, 19.8 percent for Iowa, 30.0 percent for Nebraska, 35.3 percent for South Dakota and 24.0 percent for the U.S.
 - o average wages per worker soared by 167.7 percent for the Winnebago Reservation, but increased at a much slower 44.6 percent for Iowa, 47.7 percent for Nebraska, 52.5 percent for South Dakota and 39.8 percent for the U.S.
- Average wages and salaries per HCI worker more than doubled between 2004 and 2014.

Every 20 jobs added by Ho-Chunk, Inc., regardless of location, results in approximately 11 new jobs for the Winnebago Reservation.

Average payroll per worker soared by 167.7 percent for the Winnebago Reservation but increased at a much slower rate for the region and for the U.S.

Average wages and salaries per HCI worker more than doubled between 2004 and 2014.

Executive Summary

- **Contributions to educational achievement between 2002 and 2012:**
 - o enrollment at the Winnebago Public School District increased 32.5 percent from the 2002 school year to the 2012 school year, with enrollment in the most recently reported year at 550 students.
 - o enrollment in the 12th Grade for the Winnebago School District grew by 93.3 percent over the same time period.
 - o the Winnebago Public School District made steady progress in graduation rates versus the state with 2013 graduates rates of 88.0 percent for the WPSD compared to 88.5 percent for all Nebraska public schools.
- **Contribution to life expectancy improvements, 1990 to 2013:**
 - o in terms of the growth in life expectancies between 1990 and 2013, Winnebago females and males experienced superior outcomes in comparison to the average Nebraskan.
 - Winnebago females experienced a higher 3.7 percent growth in life expectancy compared to Nebraska's lower 2.3 percent expansion.
 - furthermore during this same period of time, Winnebago males' life expectancy advanced by 6.6 percent as opposed to the average Nebraska male's lower 5.3 percent.
 - o in 2013, Winnebago female life expectancy of 81.8 years exceeded that of the average Nebraska female's 81.6.
 - o on the other hand for 2013, Winnebago males had a lower 75.7 years of life expectancy than the average Nebraska male's 77.3 life expectancy.



In terms of the growth in life expectancies between 1990 and 2013, Winnebago females and males experienced superior outcomes in comparison to the average Nebraskan.

Executive Summary

- **Contribution to housing between 2000 and 2013:**
 - o home ownership rates climbed by 4.6 percentage points for the Winnebago Reservation compared to 1.2 percentage points for Nebraska, and 1.6 percentage points for the U.S. On the other hand, home ownership rates declined by 2.7 percentage points for Iowa and 1.6 percentage points for South Dakota.
 - o between 2000 and 2013, median home values at the Winnebago Reservation increased by 28.7 percent.
 - o the median home value at the Winnebago Reservation climbed from \$52,000 in 2000 to \$66,900 in 2013. While this was below the pace of growth for Iowa, Nebraska, South Dakota and the U.S., it is much stronger than that experienced by the Winnebago Reservation over the previous decade.
 - o Ho-Chunk, Inc., via the Down Payment Assistance (DPA), awarded more the \$1.8 million to members of the Winnebago Tribal Community.
 - o through the Ho-Chunk Development Corporation (HCDC), Ho-Chunk, Inc. supported the building of 37 housing units with contributions of \$5.5 million.

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Executive Summary

III. Ho-Chunk's success has contributed to significant economic impacts for the Winnebago Reservation and for the Region.

Every \$1,000,000 of Ho-Chunk revenue creates \$2.41 million in sales for the economy, \$865.8 thousand in wages and salaries, and supports 21.4 jobs.

A. Between 2010 and 2014 Ho-Chunk overall spending generated:

- for the Sioux City Metropolitan area, or Region:
 - o More than \$363.9 million in sales, or total output.
 - o More than \$126.6 million in wages and salaries.
 - o An average of 746 jobs each year.
- for the State of Iowa:
 - o Approximately \$106.8 million in sales, or output.
 - o Almost \$37.2 million in wages and salaries.
 - o An average of 219 jobs each year.
- for the State of Nebraska:
 - o Approximately \$191.8 million in sales, or output.
 - o Almost \$66.8 million in wages and salaries.
 - o An average of 393 jobs each year.
- for the State of South Dakota:
 - o Almost \$42.0 million in sales, or output.
 - o More than \$14.6 million in wages and salaries.
 - o An average of 86 jobs each year.
- for the Winnebago Reservation:
 - o Approximately \$23.3 million in sales, or output.
 - o More than \$8.1 million in wages and salaries.
 - o An average of 48 jobs each year.

For the Sioux City metropolitan area, Ho-Chunk generated \$363.9 million in sales or total output.

Every \$1,000,000 of Ho-Chunk revenue creates \$2.41 million in sales for the economy, \$865.8 thousand in wages and salaries, and supports 21.4 jobs.

For the Winnebago Reservation, Ho-Chunk produced \$8.1 million in wages & salaries.

Ho-Chunk yearly operations support 48 jobs on the Winnebago Reservation.

Executive Summary

B. Between 2010 and 2014 Ho-Chunk SBA 8(a) contracts produced:

- For the Sioux City metropolitan area, or region:
 - o Approximately \$116.3 million in sales, or total output.
 - o More than \$41.7 million in wages and salaries.
 - o Approximately 207 jobs each year.
- For the State of Iowa:
 - o Approximately \$34.9 million in sales, or output.
 - o Almost \$12.5 million in wages and salaries.
 - o An average of 62 jobs each year.
- For the State of Nebraska:
 - o Approximately \$60.3 million in sales, or output.
 - o Almost \$21.6 million in wages and salaries.
 - o An average of 107 jobs each year.
- For the State of South Dakota:
 - o Approximately \$13.7 million in sales, or output.
 - o Almost \$4.9 million in wages and salaries.
 - o An average of 24 jobs each year.
- For the Winnebago Reservation:
 - o Approximately \$7.3 million in sales, or output.
 - o More than \$2.6 million in wages and salaries.
 - o An average of 13 jobs supported annually.
- For all other U.S. states:
 - o Approximately \$884.3 million in sales, or output.
 - o Almost \$317.4 million in wages and salaries.
 - o An average of 1,573 jobs each year.

Over the last five years, for the Winnebago Reservation, Ho-Chunk SBA 8(a) contracts supported 13 jobs annually on the Winnebago Reservation.

HCI's average annual SBA 8(a) contract amount during this period of time was \$44.4 million.

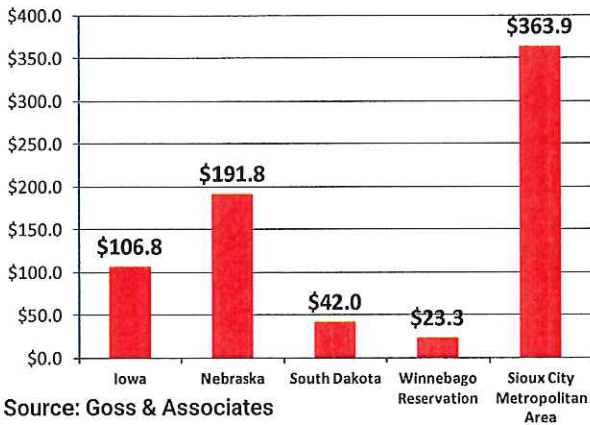


Executive Summary

Figures EX.1-EX.6 summarize the impacts of Ho-Chunk spending for the period 2010 through 2014 on the areas of the nation in which it operates or buys products and services. As presented, these impacts extend to the Winnebago Reservation.

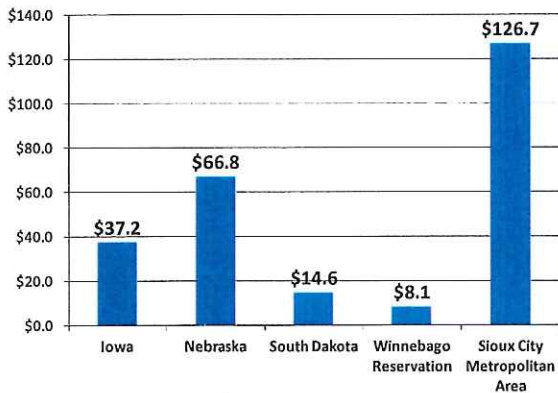
Summary of Total Ho-Chunk Spending

Figure EX.1: Economic impact of Ho-Chunk on sales, (in millions)



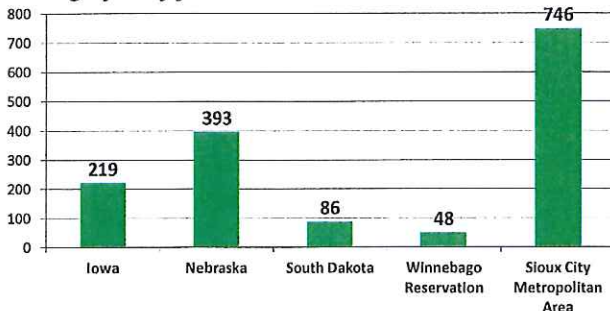
Source: Goss & Associates

Figure EX.2: Economic impact of Ho-Chunk on wages & salaries, (in millions)



Source: Goss & Associates

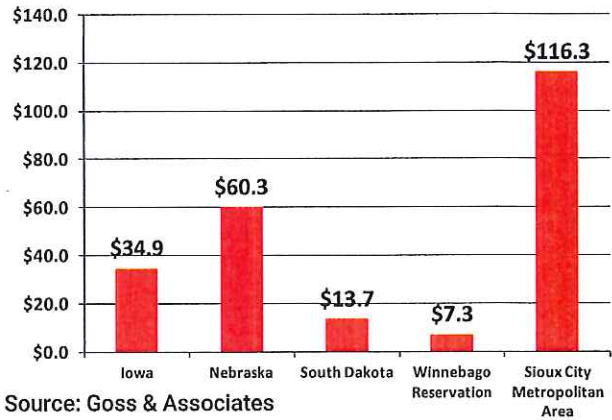
Figure EX.3: Economic impact of Ho-Chunk on average yearly jobs



Source: Goss & Associates

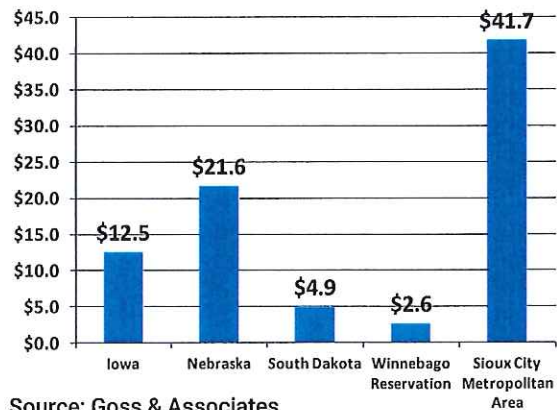
Summary of Ho-Chunk SBA 8(a) impacts

Figure EX.4: Economic impact of Ho-Chunk SBA 8(a) contracts on sales, (in millions)



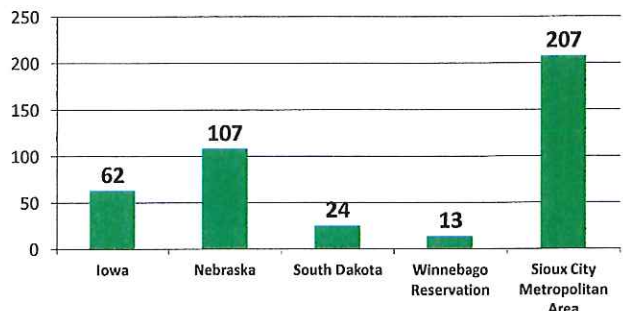
Source: Goss & Associates

Figure EX.5: Economic impact of Ho-Chunk SBA 8(a) contracts on wages & salaries, (in millions)



Source: Goss & Associates

Figure EX.6: Economic impact of Ho-Chunk SBA 8(a) contracts on average yearly jobs



Source: Goss & Associates

Section 1: Ho Chunk's Expansion Path, 1994-2015

Section Highlights

- Since its inception in 1994, Ho-Chunk expanded revenues at a spectacular compound growth rate of 46.1 percent, and grew employment at a compound annual growth rate of 29.3 percent.
- Ho-Chunk's employment of Natives rose at an annual compound rate of 18.3 percent between 1995 and 2014. Comparable compound annual growth rates for employment for Iowa grew by 0.2 percent, for Nebraska advanced by 0.4 percent, for South Dakota by 0.8 percent, and 0.7 percent for the U.S.
- Ho-Chunk dividends paid to the Winnebago Reservation advanced by 24.2 percent annually while net income expanded at a lower, but healthy, 14.8 percent.
- Between 2006 and 2014, SBA 8(a) awards climbed at a compound annual growth rate of:
 - for all U.S. states by 2.2 percent from \$11.8 billion in 2006 to \$14.0 billion in 2014,
 - but for Ho-Chunk, Inc. a much higher 39.1 percent from \$81.1 million in 2006 to \$114.2 million in 2014.
- Between 2000 and 2014 Ho-Chunk Inc. contributed \$53.4 million to the Tribal Community.
 - This amounts to more than \$31,000 for each member of the Tribal Community for the period.
 - These contributions by Ho-Chunk, Inc. generated \$107.1 million in economic activity for the Winnebago Reservation.

These contributions by Ho-Chunk, Inc. generated \$107.1 million in economic activity for the Winnebago Reservation.

Introduction

Ho-Chunk is a "...tribal conglomerate with multiple operating companies across a broad range of business areas.⁴ In 2013, Ho-Chunk earned \$9.2 million which was 22.8 percent higher than earnings for 2012. Figure 1.1 shows the trend in Ho-Chunk revenues from inception to 2014.

As listed, Ho-Chunk revenues expanded at a spectacular compound annual growth rate of 46.1 percent from 1995 to 2014. During this same period of time, Ho-Chunk's employment soared by an annual compound growth rate of 29.3 percent. Comparable compound annual growth rates for employment for Iowa was 0.2 percent, for Nebraska was 0.4 percent, for South Dakota was 0.8 percent, and 0.7 percent for the U.S. Table 1.1 lists Ho-Chunk revenue growth by sector.

Between 2000 and 2014 Ho-Chunk Inc. contributed \$53.4 million to the Tribal community. This amounts to more than \$31,000 for each member of the Tribal Community for the period.

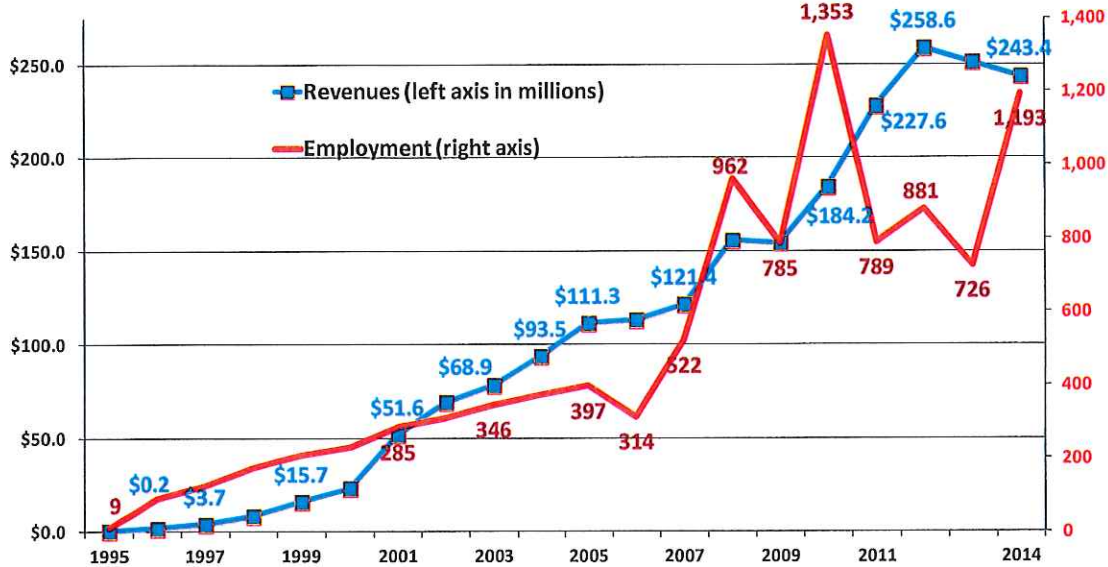
Ho-Chunk's Success Has Benefited Tribal Members

Since its beginnings in 1994, Ho-Chunk has expanded its employment of Natives. Figure 1.2 shows that progress from 1995 to 2014. As presented, Ho-Chunk's employment of Natives rose at an annual compound rate of 18.3 percent and stood at 122 in 2014.

In 2003, Ho-Chunk created Ho-Chunk Village, a master plan community featuring a modern mixed-use residential, commercial and industrial development. This development has been a centerpiece of employment, quality-of-life, educational, and demographic growth for the Winnebago Reservation.

⁴Ho-Chunk, Inc. Annual Report 2013. Mr. Lance Morgan's "Letter to Tribal Members." Page 3

Figure 1.1: Ho-Chunk yearly revenues and employment, 1995-2014



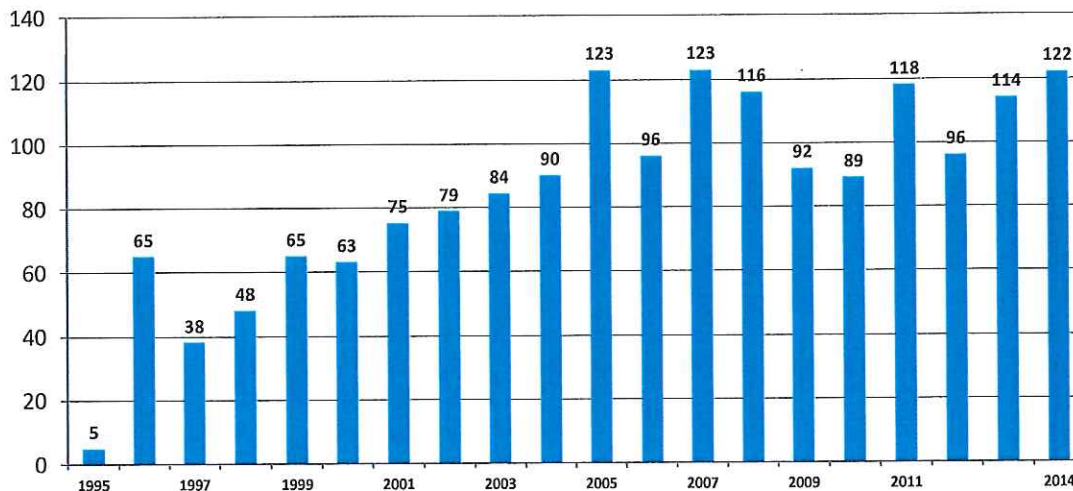
Source: Goss & Associates from Ho-Chunk records

Table 1.1: Ho-Chunk revenue growth by sector

	Overall percent of revenues, 2014	Compound annual growth, 2001-14
Total Ho-Chunk revenues	100%	12.7%
All Native Group (Government Contracting)	40.3%	32.1%
All Native Retail (Plus Smokeshop)	0.14%	-14.6%
Pony Express Retail	13.8%	4.3%
HCI Construction	6.8%	-1.7%
HCI Distribution-Tobacco (Product)	16.4%	3.4%
Woodlands (Product)	0.70%	34.5%
Rock River (Product)	12.5%	56.5%
HCI Distribution-Fuel	11.1%	-8.7%

Source: Ho-Chunk Financial Statements (due to some double counting detail equals 101.5%)

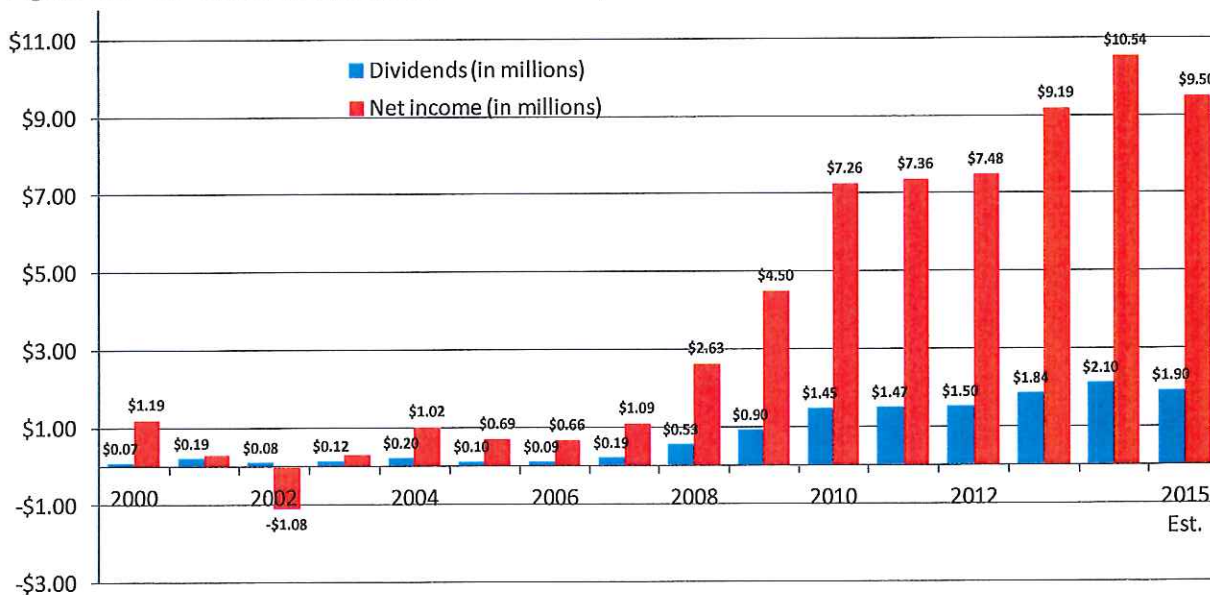
Figure 1.2: Ho-Chunk employment of Natives, 1995-2014



Source: Ho-Chunk, Inc.

Dividends and other contributions to the Tribe. In addition to employing Natives, Ho-Chunk has paid yearly dividends to Winnebago Tribal members, even during periods when there was a net loss for Ho-Chunk. Over the period 2000 to 2015, compounded at an annual rate, dividends advanced by 24.2 percent annually while net income expanded at a lower 14.8 percent yearly. Figure 1.3 shows Ho-Chunk dividends and net income over the period 2000-15. Over the full period, Ho-Chunk paid out 20.3 percent of net income in dividends. While this is slightly below the 30.2 percent average for the S&P 500, it is higher than companies that have been in business less than 20 years.⁵

Figure 1.3: Ho-Chunk net income and dividends, 2000-14



Source: Goss & Associates based on Ho-Chunk records

⁵ Approximately 84% of S&P 500 companies paid a dividend in 2014 with the average percentage of earnings paid out in dividends of 32.2 percent. http://www.factset.com/websitefiles/PDFs/dividend/dividend_3.17.15

In addition to dividend payments, Ho-Chunk makes consistent donations to the Ho-Chunk Community Development Corporation (HCCDC). The Winnebago Tribe formed and partners with HCCDC. HCCDC provides services to Native Americans in Thurston County, Nebraska.

The mission of the HCCDC is to raise the socio-economic and educational levels of Native American communities and the people of Thurston County in Nebraska. This is accomplished via providing employment opportunities, expanding entrepreneurial prospects and identifying and meshing public and private resources for community devel-

opment. Additionally HCCDC expands housing opportunities for low-income persons and families in the service area.⁶

Table 1.2 lists Ho-Chunk Inc.'s contributions to the Tribal Community from 2000 to 2014. As presented, HCI contributed almost \$53.4 million from 2000 to 2014. This amounts to more than \$31,000 for each member of the Tribal Community for the period of 2000 to 2014. These contributions result in a total economic impact of \$100.7 million for Tribal members.

On the following page is a timeline of Ho-Chunk Inc's major milestones and accomplishments.

Table 1.2: HCI's contribution to the community, 2000-14

	2000	2001	2002	2003	2004	2005	2006	2007
Dividends	\$73,879	\$190,000	\$80,000	\$ 120,000	\$200,000	\$95,000	\$86,354	\$191,395
Donations to HCCDC	0	0	\$1,650,000	\$2,225,000	\$3,150,000	\$3,600,000	\$2,750,000	\$4,800,000
HCI's contribution to Tribal Community	\$11,545	\$90,197	\$198,976	\$19,378	\$10,692	\$30,743	\$30,155	\$41,319
Tax revenues	\$15,098	\$85,492	\$73,158	\$189,391	\$201,585	\$251,722	\$439,529	\$461,217
Total HCI contributions	\$100,522	\$365,689	\$2,002,134	\$2,553,769	\$3,562,277	\$3,977,465	\$3,306,038	\$5,493,931
	2008	2009	2010	2011	2012	2013	2014	Total
Dividends	\$526,209	\$899,001	\$ 1,451,159	\$,472,635	\$,496,766	\$1,837,843	\$2,100,000	\$10,820,241
Donations to HCCDC	\$1,100,000	\$800,000	\$10,000,000	\$2,500,000	\$500,000	\$1,500,000	\$1,800,000	\$36,375,000
HCI's contribution to Tribal Community	\$35,655	\$55,055	\$176,365	\$81,351	\$48,103	\$97,002	\$147,394	\$1,073,931
Tax revenues	\$503,662	\$608,895	\$538,263	\$455,187	\$446,345	\$422,082	\$405,044	\$5,096,669
Total HCI contributions	\$2,165,526	\$2,362,951	\$12,165,787	\$4,509,173	\$2,491,214	\$3,856,927	\$4,452,438	\$53,365,841

Source: Ho-Chunk Inc.

Additionally HCCDC expands housing opportunities for low-income persons and families in the service area.

⁶Ho-Chunk Community Development Corporation was formed on December 8, 2000 and designated by the Internal Revenue Service on August 13, 2001 as a 501(c)(3) non-profit corporation. <http://www.hochunkcdc.org/>



1994	Ho-Chunk begins operations
1996	Revenues surpass \$1 million
2000	Revenues surpass \$20 million
2003	Ho-Chunk Village created
2005	Native employees number 123
	SBA 8(a) contracts exceed \$31 million
	Revenues surpass \$110 million
2011	Revenues surpass \$225 million
2012	Ho-Chunk Real Estate begins assisting Winnebago Tribal members with home buying
	Ho-Chunk purchases Atokad Park, a horse racetrack in South Sioux City, NE
2013	Revenues surpass \$250 million
	Ho-Chunk's Dynamic Homes has a successful year with 195 living units sold
2014	SBA 8(a) contracts exceed \$114 million
	Employees number 1,193
	Ho-Chunk pays more than \$2 million in dividends to the Winnebago Tribe
	From 2001-14, Ho-Chunk's economic contributions per Tribal community member exceed \$31,000, for a total of \$53.4 million

Ho-Chunk, Inc. Timeline 1994 - 2014

Ho-Chunk begins operations in 1994, with five Native employees.



By 2013, revenues surpass \$250 million, and by 2014, employees number 1,193.



In 2013, Ho-Chunk's Dynamic Homes sells 165 units.



In 2014, SBA 8(a) contracts exceed \$114 million.



In 2014, Ho-Chunk pays more than \$2 million in dividends to the Winnebago Tribe.



From 2001 to 2014, Ho-Chunk's economic contributions per Tribal member exceeded \$31,000.

Ho-Chunk's SBA 8(a) Success

A significant portion, or \$76.7 million, of 2013 revenues of \$251.0 million were generated from Section 8(a) contracts. Each year since qualifying for the first awards in 2003, Ho-Chunk has successfully sought and received a growing proportion of the U.S. total awards.

Between 2006 and 2014, Ho-Chunk's SBA 8(a) contracts expanded by approximately 18 times that of other U.S. tribes.

The Small Business Administration's Section 8(a), hereafter referred to as 8(a), business development program, part of the Small Business Act, helps small, disadvantaged businesses access the federal procurement market, providing access to resources they need to develop and grow their businesses. The 8(a) program helps eligible businesses to compete on a level playing field with other better funded businesses in the marketplace with a longer history of performance.

The 8(a) program helps eligible businesses with the contracting issue of "past performance." This issue biases contracting decisions against startup and younger companies such as HCI.

Between 2006 and 2014, Ho-Chunk's SBA 8(a) contracts expanded by approximately 18 times that of other U.S. tribes.

Typically, federal agencies consider past performance before entering into a contract with a company. The 8(a) program helps eligible businesses build a performance record and capacity to succeed both within and beyond the 8(a) program.

The 8(a) program encourages federal agencies to contract with eligible businesses and to form mentor/protégé relationships with eligible companies.



The principal terms of contracting under Section 8(a) are:

- The corporation/business must qualify as a small business under size standards.
- The corporation/business must graduate from the Section 8(a) program after 9 years.
- Contracts are subject to challenge on price.
- Contracts are subject to challenge on competency.
- No less than 50 percent of the business must be performed by the 8(a) company.
- Sole-source contracts are limited to \$3 million (\$5 million in the manufacturing sector).
- The contract must be completed whenever possible before sole-sourcing.
- The corporation/business must not own more than 20 percent of one 8(a) affiliate.

According to the Small Business Goaling Report (Federal Procurement Data System – Next Generation), small business contracts through the 8(a) program totaled just under \$14 billion in the 2013 fiscal year (FY), representing approximately 3.9 percent of the total dollar amount of federal procurement small business contracts for the year.

Figure 1.4 profiles total U.S. Section 8(a) contract awards between fiscal 2006 and fiscal 2014. Since 2005 fiscal year (FY) small businesses have utilized the 8(a) program to receive over \$133.6 billion worth of contracts. The peak, since 2005 (FY), in the amount of contract dollars under the 8(a) program occurred in 2009 (FY) at \$18.7 billion. Since 2009 (FY) the 8(a) program has experienced four consecutive annual declines in the total contract dollars amount.

The SBA makes a distinction between Native Enterprises (American Indian tribal companies, Alaska Native corporations and Native Hawaiian organizations) and other businesses in the 8(a) program. The program recognizes the unique structure of Native Enterprises and the communities they serve. Profits from Native Enterprise 8(a) companies benefit the community in the form of dividends, social and cultural programs, scholarships and internships, elders' trust funds, and other benefits unique to each community.

In recognition of the social and economic challenges faced by Native Enterprises and their communities, the 8(a) program exempts Native Enterprises from the sole-sourcing limitation and from affiliation limitations. The 8(a) program offers a hand-up to Native peoples, helping to improve their lives through growing businesses and leaders that benefit Native communities.

SBA 8(a) Program: Ho Chunk Inc. Relative Performance

Ho Chunk Inc. has experienced tremendous growth in contract awards through the Small Business Administration's Section 8(a) program. HCI received contracts worth a total of \$743,744 in 2003. Annual contract amounts through the program have trended upward over the 12-year period, with HCI receiving \$114,237,493 in fiscal 2014.

Figure 1.4: Section 8(a): Value of Awards, Annual (in billions)



Source: Federal Procurement Data System – Next Generation, Goaling Reports

During the 9-year period for which comparative data are available from the Small Business Goaling Reports, 2006 to 2014 (2005FY to 2013FY), HCI received over \$486 million worth of federal procurement contracts, averaging over \$54 million per annum. In total, the 8(a) program awarded over \$133 billion in contracts during the same time period, averaging over \$14 billion per year.

Over the 9-year span, total U.S. 8(a) contracts amounts grew by 18.7 percent; the total annual value of contracts awarded to HCI grew by over 1,300 percent during the same time period. Looking at just the last two years, HCI's performance has been noteworthy, increasing the value of annual contracts by 34.7 percent, while the total amount awarded under the program shrank by 16.8 percent.

Between 2006 and 2014, HCI's share of the value of federal procurement contracts in the 8(a) program has grown eight-fold from less than 0.1 percent in fiscal 2006 to 0.8 percent in 2014. Table 1.3 lists HCI 8(a) awards as well as HCI's share of total U.S. 8(a) awards.

Data from Figure 1.4 show that total U.S. SBA 8(a) awards rose by an annual compound rate of 2.2 percent from \$11.8 billion in 2006 to \$14.0 billion in 2014. During this same period of time Ho-Chunk's SBA 8(a) awards expanded by a much stronger 39.1 percent compounded annually from \$8.1 million in 2006 to \$114.2 million in 2014.

Between 2006 and 2014, HCI's share of the value of federal procurement contracts in the 8(a) program has grown eight-fold from less than 0.1 percent in fiscal 2006 to 0.8 percent in 2014.

Table 1.3: HCI value of 8(a) awards and proportion of national total 8(a) awards

Fiscal year	Total HCI 8(a) (in millions)	Percent of U.S. 8(a)
2005-06	\$8.1	0.07%
2006-07	\$27.4	0.22%
2007-08	\$17.9	0.17%
2008-09	\$17.3	0.11%
2009-10	\$56.3	0.30%
2010-11	\$83.3	0.45%
2011-12	\$84.8	0.51%
2012-13	\$76.7	0.48%
2013-14	\$114.2	0.82%

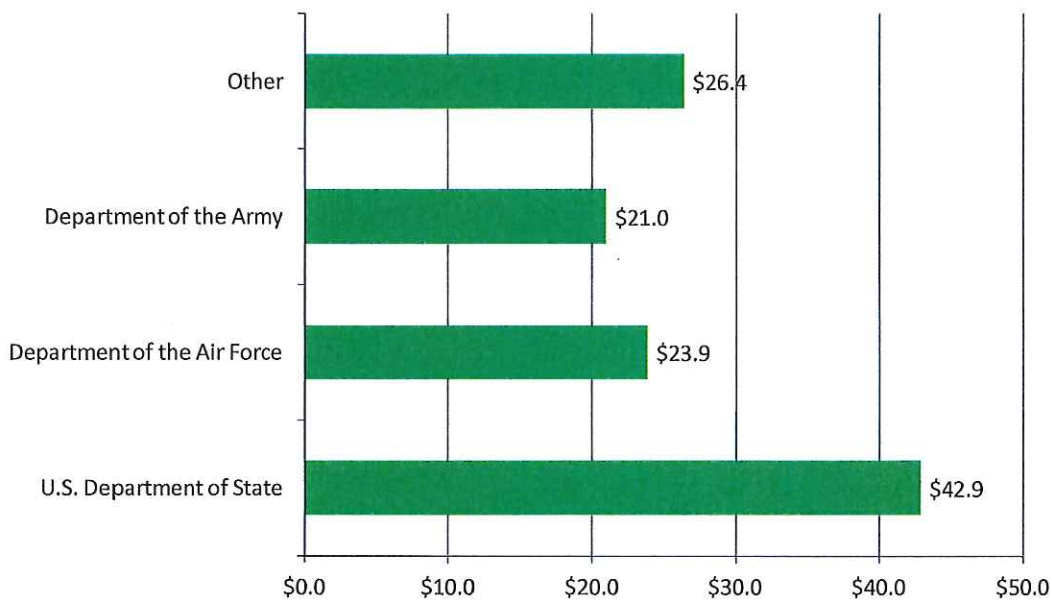
Source: Goss & Associates

As shown in Figure 1.5, in 2014 three federal agencies account for 76.9 percent of the total value of HCI's 8(a) contracts; HCI received awards worth \$42.9 million from the Department of State (37.5 percent of total contracts); \$23.9 million from The Department of the Air Force (21.0 percent) and \$21.0 million from The Department of the Army (18.4 percent).

According to a recent report from the Native American Contractors Association (NACA),⁷ the

estimated value of contracts awarded to Native Enterprises in 2011 was \$6.8 billion, a 257.9 percent increase from the award amount of \$1.9 billion in 2005. During the same time period, the annual value of HCI's procurement contracts increased 161.4 percent. Using the NACA data, estimates were obtained of HCI's share of the "Native 8(a)" portion of the 8(a) program at 1.2 percent for 2011. These estimates are listed in Table 1.4.

Figure 1.5: Source of 2014 Ho-Chunk 8(a) contracts (in millions)



Source: Goss & Associates from Taylor (2014)

Table 1.4: Section 8(a): HCI vs. total Native SBA 8(a) Award Amount (estimated*)

Fiscal year	HCI ('000s)	Native 8(a) ('000s)	HCI Share (%)
2005	\$8,136	\$1,900,000	0.43%
2011	\$83,344	\$7,600,000	1.1%
2012	\$84,787	\$6,800,000	1.2%

Source: <https://www.sba.gov/content/about-8a-business-development-program>; *Native 8(a) contractor sales to the federal government (from NACA impact study)

⁷A report on the Economic, Social & Cultural Impacts of the Native 8(a) Program, Johnathan B. Taylor- May 2012. <https://www.nativecontractors.org/wp-content/uploads/2014/06/2012-NACA-Economic-Impact-Report.pdf>

Table 1.5 shows the estimated impact of SBA 8(a) contracts for 2011 for the U.S.

Table 1.5: Job impacts of Native 8(a) contracts for 2011

	All Native 8(a)
Job impacts	109,000
Wages & benefits	\$5,900,000,000
Income to self-employed	\$3,100,000,000
Indirect business taxes	\$600,000,000

Source: Native American Contractors Association, 2012

Summary

Data in this section show the growing importance of Ho-Chunk to the region and to the Winnebago Reservation. Furthermore, data show that this growth has had a positive impact on hiring of Natives, and on financial contributions to the Tribal Community. The next section profiles Ho-Chunk's impact on the quality-of-life for residents of the Winnebago Reservation.



Winnebago Indian Health Services Hospital (Source: Indian Health Services)

Section 2: Ho-Chunk's Impact on Winnebago Reservation Income and Quality-of-Life

Section Highlights

Between 1994 and 2014, Ho-Chunk expanded sales by 992.6 percent, net income by 670.0 percent and Native employment by 80.9 percent. These gains contributed the following changes during the same period of time for Winnebago Reservation:

- Ho-Chunk provided almost \$5.4 million for retail construction on the Winnebago Reservation and more than \$2.7 million for Ho-Chunk Village development.
- Every 20 jobs added by Ho-Chunk, Inc., regardless of location, results in approximately 11 new jobs for Winnebago Reservation.
- **Contributions to income between 2000 and 2013:**
 - The American Indian population on the Winnebago Reservation expanded by 32.3 percent compared to overall population growth of a lower 5.5 percent for Iowa, 9.0 percent for Nebraska, 11.8 percent for South Dakota and 12.0 percent for the U.S.
 - The share of the Winnebago Reservation living in poverty sank by 5.1 percentage points, but expanded by 3.5 percentage points for Iowa, 3.2 percentage points for Nebraska, 0.8 percentage points for South Dakota and 3.1 percentage points for the U.S.
 - Median household income rose by 61.0 percent for the Winnebago Reservation, 19.8 percent for Iowa, 30.0 percent for Nebraska, 35.3 percent for South Dakota, and 24.0 percent for the U.S.
 - Average payroll per worker soared by 167.7 percent for the Winnebago Reservation, but increased at a much slower 44.6 percent for Iowa, 47.7 percent for Nebraska, 52.5 percent for South Dakota, and 39.8 percent for the U.S.
 - Average wages and salaries per HCI worker more than doubled between 2004 and 2014.
- **Contributions to educational achievement between 2002 and 2012:**
 - Enrollment at the Winnebago Public School District increased 32.5 percent from the 2002 school year to the 2012 school year, with enrollment in the most recently reported year at 550 students.
 - Enrollment in the 12th Grade in the Winnebago public school grew by 93.3 percent over the same time period.
- **Contribution to housing between 2000 and 2013:**
 - Home ownership rates climbed by 4.6 percentage points for the Winnebago Reservation compared to 1.2 percentage points for Nebraska, and 1.6 percentage points for the U.S. On the other hand, home ownership rates declined by 2.7 percentage points for Iowa, and 1.6 percentage points for South Dakota.
 - Median home values at the Winnebago Reservation increased by 28.7 percent.
 - The median home value at the Winnebago Reservation climbed from \$52,000 in 2000 to \$66,900 in 2013. While this was below the pace of growth for Iowa, Nebraska, South Dakota and the U.S., it is much stronger than that experienced by the Reservation over the previous 13 years.
 - Ho-Chunk, Inc., via the Down Payment Assistance (DPA), awarded more the \$1.8 million to members of the Winnebago Tribal community.
 - Through HCDC, Ho-Chunk, Inc. supported the building of 37 housing units with contributions of \$5.5 million.

Through HCDC, Ho-Chunk, Inc. supported the building of 37 housing units with contributions of \$5.5 million.

Introduction

Ho-Chunk continues to drive economic activity on the Winnebago Reservation. This activity has had positive economic and social impacts. The positive social impact on the Winnebago Reservation can be seen in a number of demographic and quality-of-life measures. These measures include population growth, income growth, poverty status, home ownership rates, educational attainment, labor market indicators, and business dynamics.

Business Development

Business activity on the Winnebago Reservation⁸ has posted solid growth since Ho-Chunk began operations. The Reservation has seen growth in the number of establishments that employ workers, in paid workers, and in annual payrolls.

Number of private companies. For the 13 years ending in 2013, the number of business establishments that employ paid workers on the Winnebago Reservation grew by 87.5 percent to 30 establishments in 2013. During this same period of time, the number of private business establishments declined by 17.9 percent for Thurston County outside of the Winnebago Reservation, and by 6.0 percent for the State of Nebraska.

Figure 2.1 shows the upward trend in the number of private companies operating in the Winnebago Reservation. As indicated, the number of private businesses operating in the Winnebago Reservation rose from 16 in 2000 to 30 in 2013. Data indicate that the U.S. recession in 2001 and 2007-08 had a negative impact on business development, otherwise the trend was positive.

More closely examining the data indicates that the fastest development or creation of new businesses was in: wholesale trade from one firm in 2000 to four in 2013; professional and business services from one company in 2000 to four in 2013; and remediation and waste services with no firms in 2000 to four in 2013.

Figure 2.2 lists growth rates, from 2000 to 2013 among the comparison group, further emphasizing the strength of the Winnebago Reservation

and by extension the importance of Ho-Chunk, Inc. to community growth. Data indicate that the Winnebago Reservation business establishment growth is almost 15 times that of Nebraska and the U.S. and more than 9 times that of South Dakota. The number of private business establishments actually fell in Iowa between 2000 and 2013, as presented in Figure 2.2.

Every 20 jobs added by Ho-Chunk, Inc., regardless of location, results in approximately 11 new jobs for the Winnebago Reservation.

Annual payroll. Total annual payrolls for HCI grew by 170.0 percent, from approximately \$9 million in 2002 to more than \$24 million in 2012. The number of paid employees grew by 67.8 percent during the same time period, from 314 workers to 527 workers. Average payrolls increased from \$28,962 in 2002 to \$46,584 in 2012, a 60.8 percent increase.



⁸Throughout this study, Winnebago Reservation is defined as Zipcode 68071.

Figure 2.1: Number of establishments with paid employees: the Winnebago Reservation

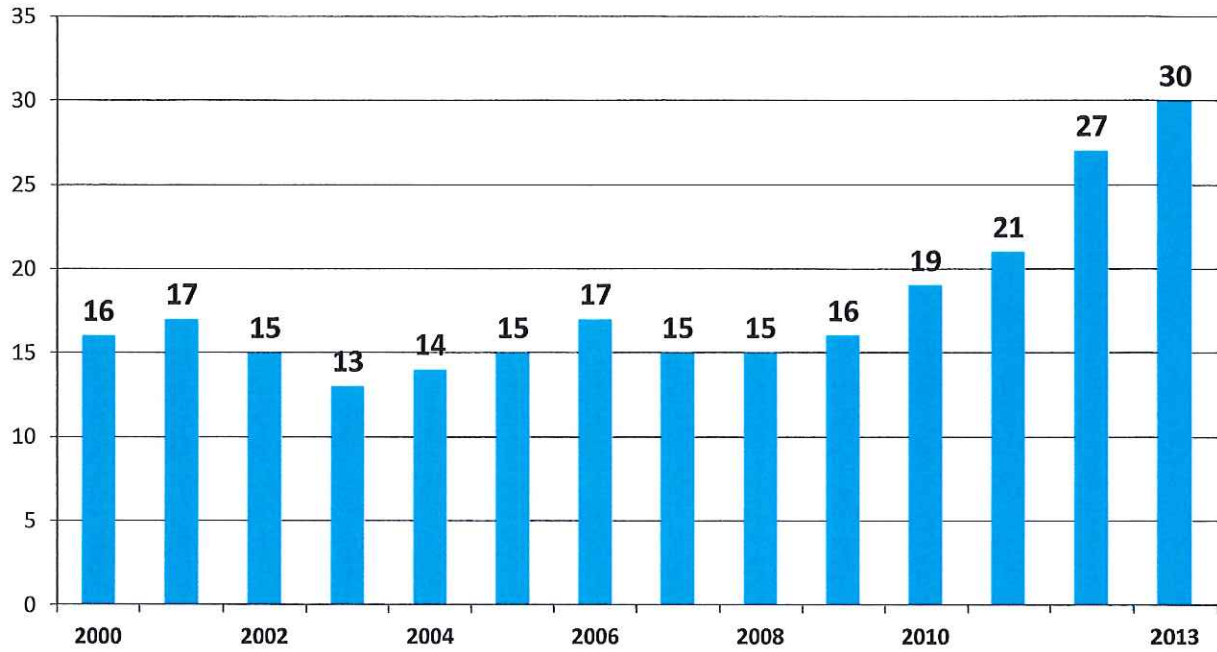
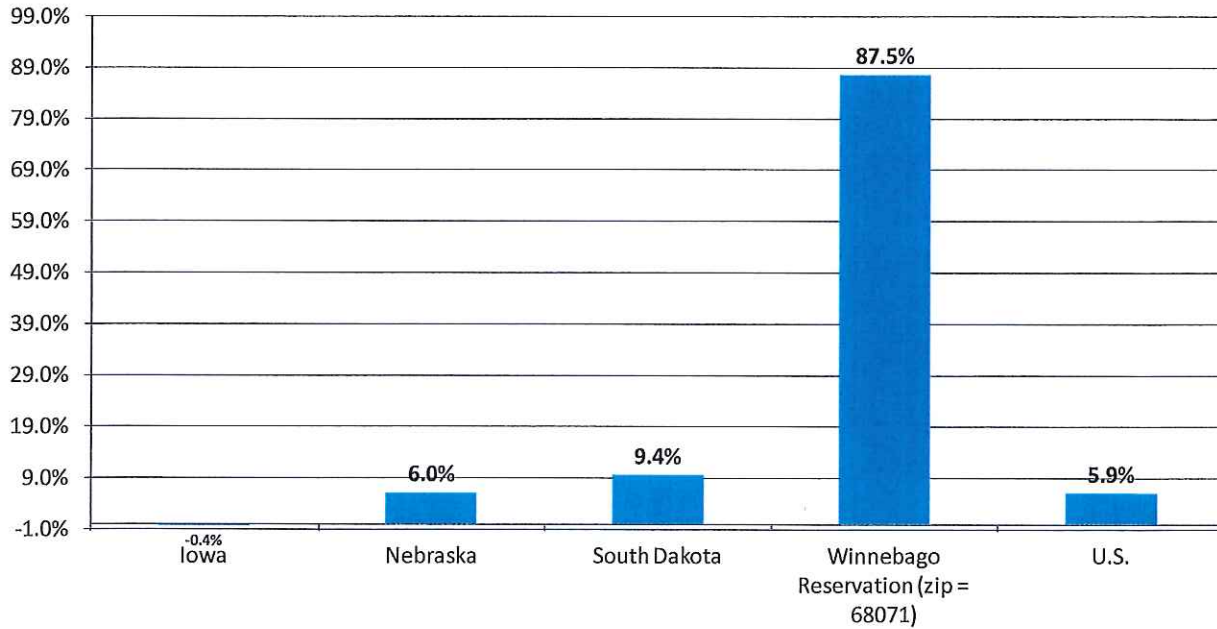


Figure 2.2: Growth rate in the number of business establishments, 2000-13



The number of paid private employees.

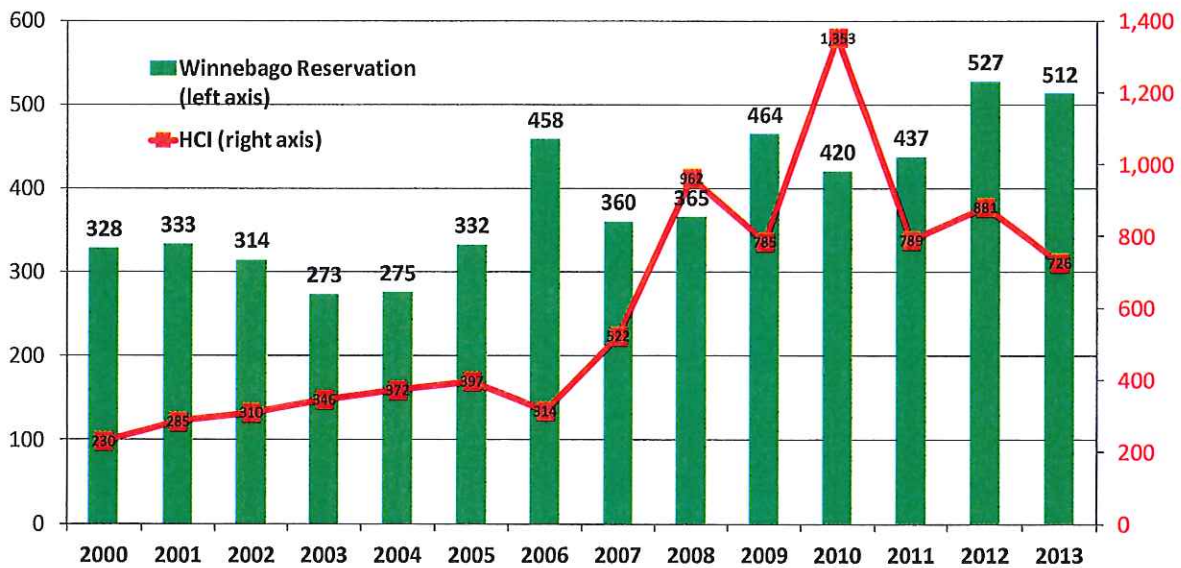
Figure 2.3 shows the upward trend in both Winnebago Reservation private employment and Ho-Chunk employment from 2000 to 2013. As shown, Winnebago jobs expanded from 328 in 2000 to 512 in 2013 while Ho-Chunk employment advanced from 230 in 2000 to 726 in 2013. A regression analysis reveals that every 20 jobs added by Ho-Chunk, regardless of location, results in approximately 11 new jobs for the Winnebago Reservation.⁹

Which Winnebago industries experienced the strongest growth between 2000 and 2013? *County Business Patterns* data indicate that the top performing industry in terms of job growth was the

professional, technical and business services industry, increasing the number of jobs from three in 2000 to 122 in 2013 for a compound annual growth rate of 34.8 percent. The second fastest-growing Winnebago industry during this time span was wholesale trade with a compound annual growth of 9.2 percent, increasing employment from seven in 2000 to 22 in 2013.

Figure 2.4 compares growth rates for the different areas. As shown, between 2000 and 2013, the Winnebago Reservation employment growth was approximately 18 times that of Iowa, five times that of Nebraska and South Dakota and 15 times that of the U.S.

Figure 2.3: Number of Paid Employees: the Winnebago Reservation

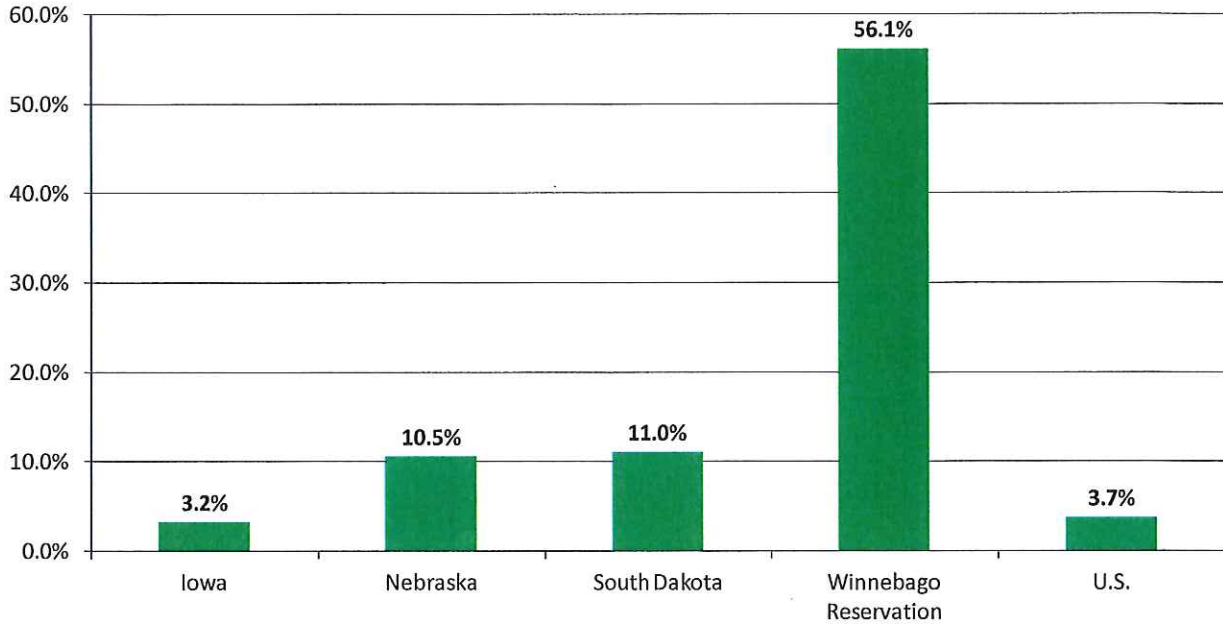


Source: U.S. Census, County Business Patterns

As shown, between 2000 and 2013, Winnebago Reservation employment growth was approximately 18 times that of Iowa, five times that of Nebraska and South Dakota and 15 times that of the U.S.

⁹Winnebago jobs = 0.537 * HCI Employment; R2 = 0.84; p-value for coefficient = 0.00000164 (results available on request from Goss & Associates).

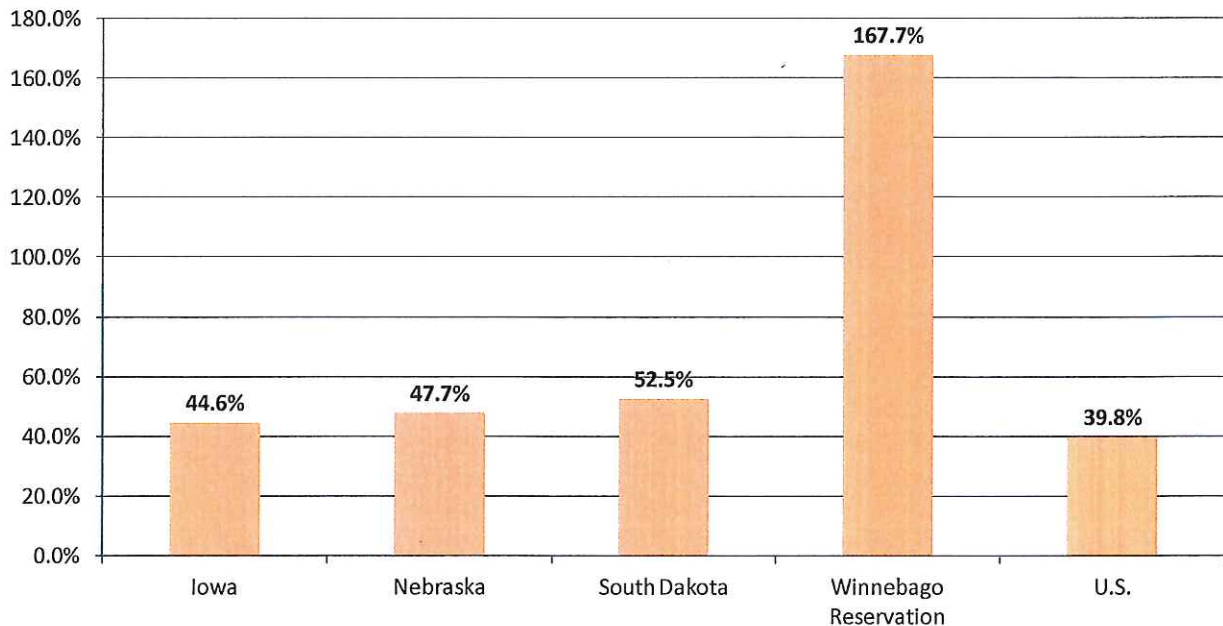
Figure 2.4: Growth rate in the number of paid workers, 2000-13



Source: Goss & Associates based on U.S. Census, County Business Patterns

Average pay or payroll per worker. But what about the quality of jobs added? Of course, pay is a prime factor used to gauge the quality of jobs. Figure 2.5 shows the growth rates in average pay per private job, again indicating much healthier growth for the Winnebago Reservation than for the comparison areas. Data indicate that average pay for the Winnebago Reservation expanded by approximately four times that of Iowa, and Nebraska and the U.S., and three times that of South Dakota.

Figure 2.5: Payroll per worker growth, 2000-13



Source: Goss & Associates based on U.S. Census, County Business Patterns

Ho-Chunk's positive impacts have extended to Thurston County, beyond the Winnebago Reservation. Data for self-employed workers is available at the county level (not included in the previous data). For the ten years ending in 2013, the number of self-employed firms in Thurston County increased from 15 establishments to 27 establishments. Annual sales revenue for self-employed firms grew from just under \$7 million in 2002 to over \$10 million in 2012.

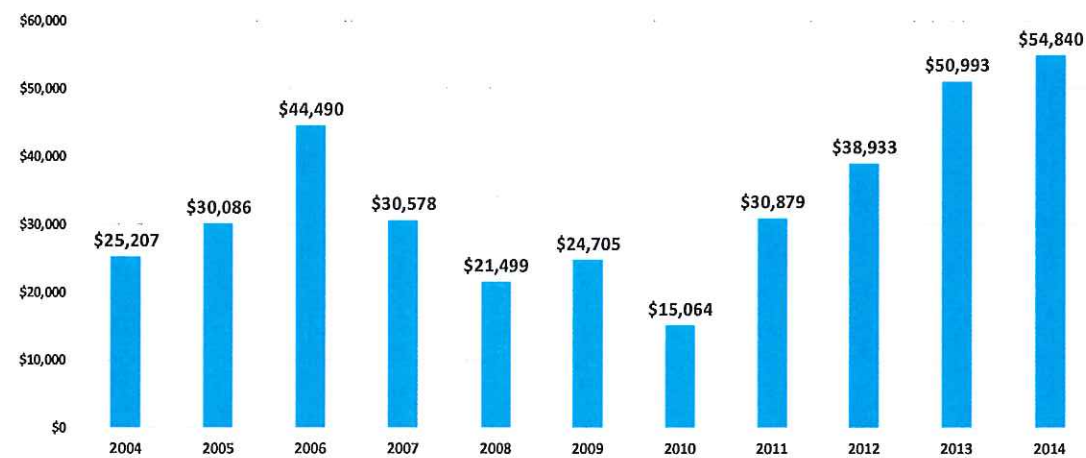
The top three sectors, by number of establishments for the self-employed in 2012, were Other Services (36 establishments); Retail firms (35) and Professional and Scientific and Technical companies (33). Transportation and Warehousing led all sectors in terms of sales revenue in 2012, with approximately \$2.6 million in annual sales.

Using sales revenue and wage and salary disbursements as measures of productivity, we find Ho-Chunk employee productivity has grown at a tremendous pace for the 10 years ending in 2014. Sales per employee increased to \$204,000 in 2014.



If wage and salary disbursement reflect labor productivity for the firm, then wage growth can be used as another measure of productivity. As shown in Figure 2.6, wage and salary disbursements for Ho-Chunk employees have increased by 117.6 percent, from \$25,207 in 2004 to \$54,840 in 2014.

Figure 2.6: Average wage and salary disbursements: HCI, 2004 to 2014



Source: Ho-Chunk, Inc.

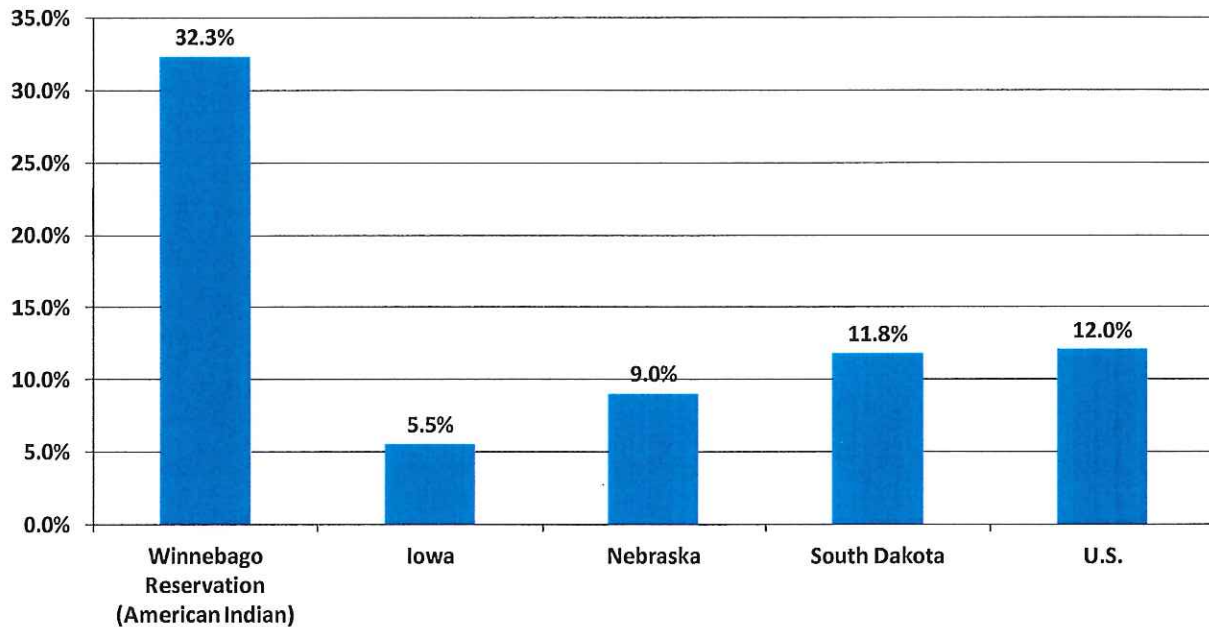
Demographic Improvements for the Winnebago Reservation

Population. The Winnebago Reservation total population grew at a modest 6.1 percent from 2000 to 2013; however, the American Indian or Native population grew at a robust 32.3 percent during the same time period. According to the American Community Survey (U.S. Census), the American

Indian population at the Winnebago Reservation now stands at 1,915 individuals. The same source estimates the 2013 total population, Natives and Non-Natives, for the Winnebago Reservation at 2,746.

Figure 2.7 compares population growth rates from 2000 to 2013 for the Native population at Winnebago Reservation, Iowa, Nebraska, South Dakota and the U.S.

Figure 2.7: Population growth, Winnebago Native, Iowa, Nebraska, South Dakota, U.S., 2000-13



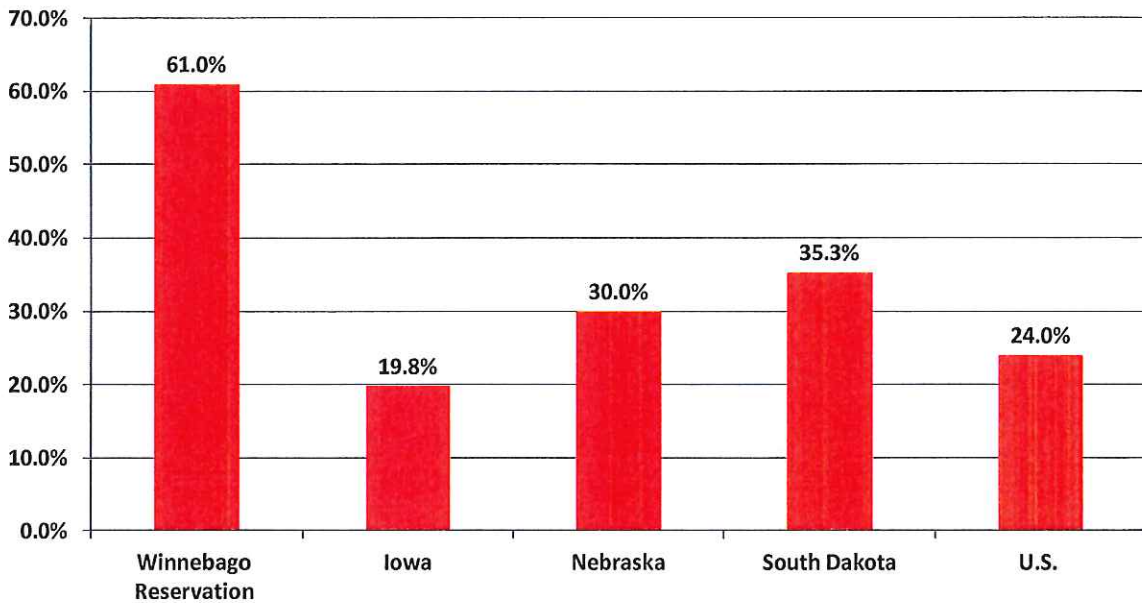
Sources: 2000 data: 2000 U.S. Census; 2009 to 2013 data: American Community Survey, 5-year average – U.S. Census

Household income. Household income at the Winnebago Reservation has grown at a solid rate since 2000. Figure 2.8 shows the strong gains. The median household income for all households at the Winnebago Reservation grew 61.0 percent from \$24,671 in 2000 to \$39,712 in 2013. During this same period of time, by comparison, household income for Iowa expanded by 19.8 percent from \$42,993 to \$51,509; Nebraska advanced by 30.0 percent from \$39,574 to \$51,440; South Dakota

climbed by 35.3 percent from \$36,172 to \$48,947; and U.S. rose by 24.0 percent from \$42,148 to \$52,250.

Figure 2.9 profiles household income for the next 13 years assuming that each state, the Winnebago Reservation, and the U.S. match their previous 13 years of growth. As indicated, Winnebago 2028 household income would exceed that of Iowa and the U.S. and essentially equal that of Nebraska and South Dakota in 2028.

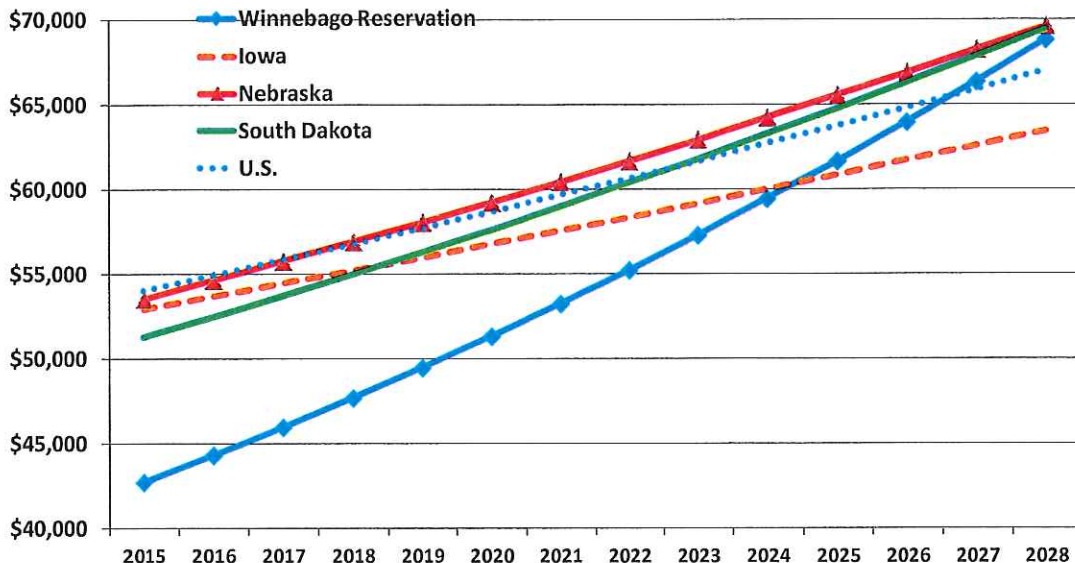
Figure 2.8: Growth in household income, 2000-13



Source: U.S. Census Bureau

As indicated, Winnebago 2028 household income would exceed that of Iowa and the U.S. and essentially equal that of Nebraska and South Dakota in 2028.

Figure 2.9: Projected household income next 13 years, IA, NE, SD, U.S., and Winnebago Reservation



Source: Goss & Associates

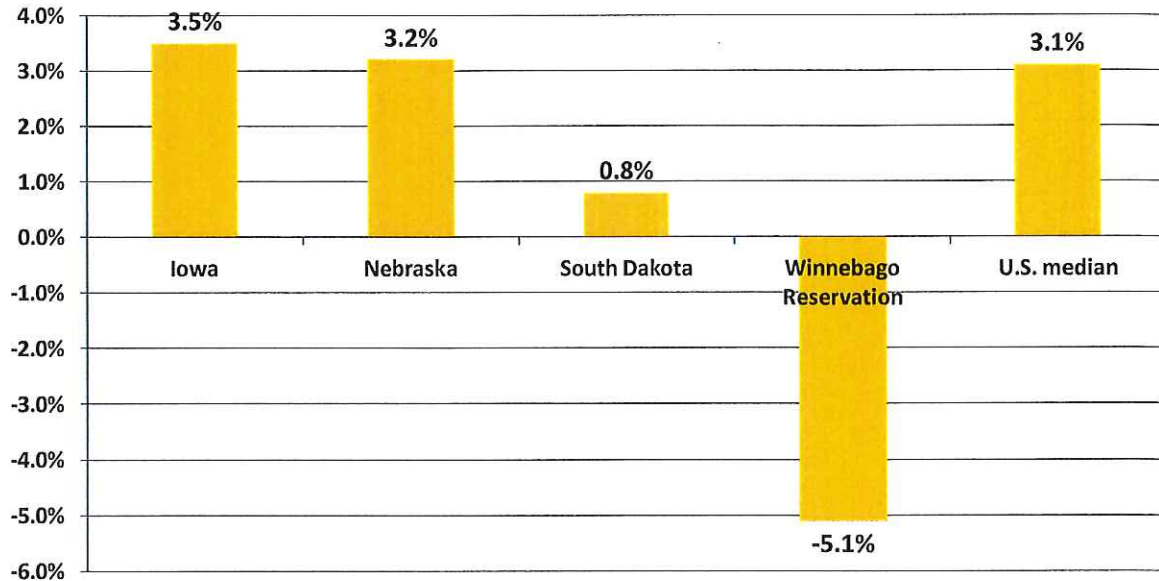
Poverty rates. Poverty trends at the Winnebago Reservation are encouraging. The poverty rate for individuals has fallen from 37.4 percent in 2000 to 32.3 percent in 2013. Figure 2.10 shows the change in the rate of poverty between 2000 and 2013. Even though Winnebago’s poverty rate is well above each of the comparison states and the U.S., the change has been very favorable to the Winnebago Reservation.

Also, the Winnebago Reservation experienced a decline in the percentage of children below the poverty threshold. In 2000, the percentage of children 17 years old or younger with poverty status was 44.2 percent. The poverty rate was 33.1 percent for the child cohort in 2013. Figure 2.11 compares the poverty rate for Winnebago Reservation residents under 18 years of age from 2000 to 2013, showing significant improvements.

Even though Winnebago Reservation’s poverty rate is well above each of the comparison states and the U.S., the change has been very favorable to the Winnebago Reservation.

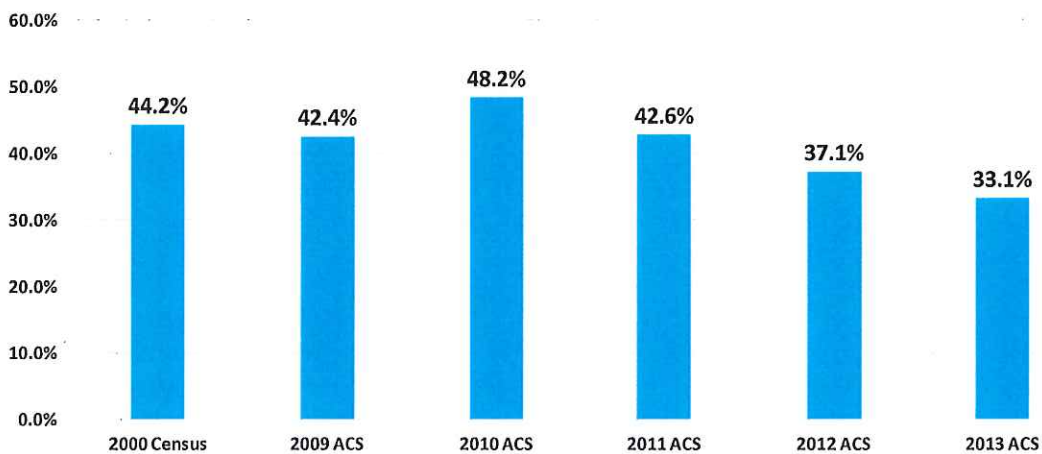
Also, the Winnebago Reservation experienced a significant decline in the percentage of children below the poverty threshold.

Figure 2.10: Percentage point change in poverty rate, 2000 to 2013



Source: Goss & Associates calculations based on U.S. Census data

Figure 2.11: Poverty Status: all children age 17 and younger, Winnebago Reservation



Source: 2000 data: 2000 U.S. Census; 2009 to 2013 data: American Community Survey, 5-year average – U.S. Census

Home ownership. Ho-Chunk and the Winnebago Tribe have worked together to develop a program to assist Natives in purchasing homes. The program, Housing Down Payment Assistance Program (DPA) provides a significant portion of a standard down payment of a new homeowner. In 2013 alone, Ho-Chunk and the Tribal Government authorized a \$1.5 million Housing Stimulus Program that sets aside Ho-Chunk dividends and other tax collections to build homes on the Winnebago Reservation.

The home-ownership rate (available for the total population) at the Winnebago Reservation increased during the 2000 to 2013 time period, posting a 4.6 percentage point increase. The home-

ownership rate in 2000 was 56.7 percent; the 2013 rate was 61.3 percent. Economists generally look at the home-ownership rate as an indicator of wealth accumulation in a community and overall social and economic stability. For the comparison group, the Winnebago home ownership rate increased significantly faster than for Iowa, Nebraska, South Dakota or for the U.S.

Tables 2.1, 2.2 and 2.3 show Ho-Chunk financial support for Winnebago housing.

A total of 41 Tribal Members/Families benefited from the DPA program. The total dollar amounts provided to these families was \$1,783,167. Table 2.3 lists outcomes from this activity.

Table 2.1: Winnebago Reservation housing supported by Ho-Chunk

Units	Type	Capital Investment	Current Occupancy
10	Townhouse	\$957,433	10
4	Duplex	\$486,857	3
2	Chalet	\$225,233	2
10	Senior Apartment	\$1,320,474	9
2	Trailer Homes	\$175,698	2
9	House	\$714,363	9
6	Apartments/Businesses	\$1,473,619	5
43	Totals	\$5,353,677	35

Source: Ho-Chunk, Inc

Table 2.2: Ho Chunk Village infrastructure investment

Retail Buildings	\$5,388,765
Leasehold improvements	\$29,775
Village Development	\$2,707,044
Total	\$8,125,584

Source: Ho-Chunk, Inc

Table 2.3: Ho-Chunk Down Payment Assistance Program (DPA)

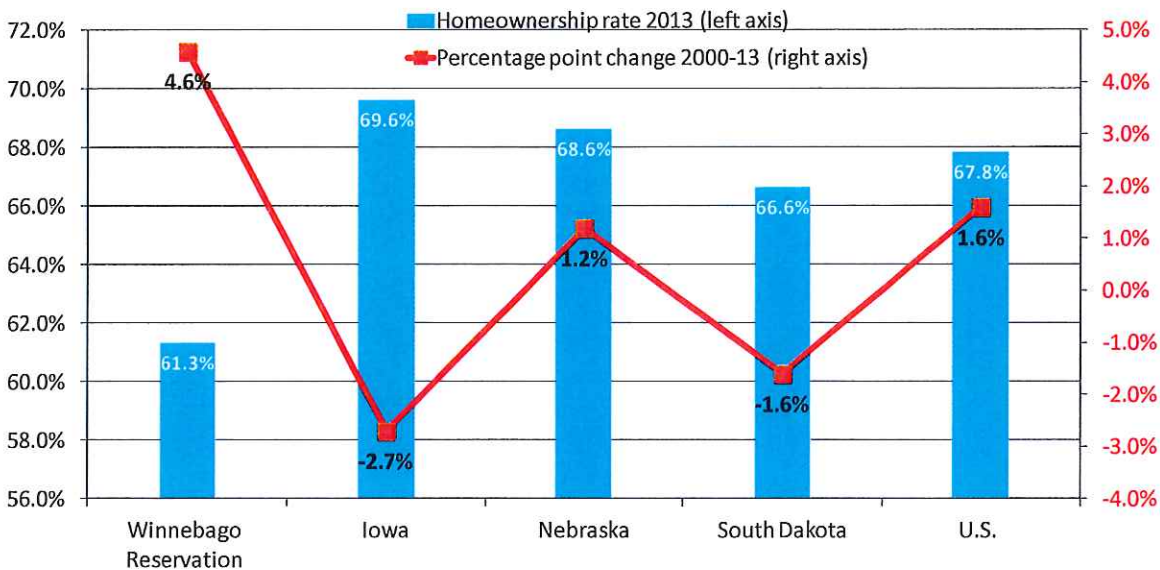
Breakdown of program contributors:	Amount
Other Donations:	\$135,500
WTN Gas Tax:	\$377,500
USDA Grant:	\$165,000
HUD Home Grant:	\$26,000
HCI/WTN Dividend:	\$1,079,167
Total	\$1,783,167

Source: Ho-Chunk, Inc

During the same time period, median home values at the Winnebago reservation increased by 28.7 percent. The median home value at the reservation was \$52,000 in 2000. The median value was \$66,900 in 2013. However, median home values for the Winnebago Reservation were less than half of the comparison group and the compound annual growth between 2000 and 2013 was also lowest among the comparison group.

Figure 2.12 compares home ownership rates for 2013 and the change in home ownership rates between 2000 and 2013. As shown, the 2013 home ownership rate for the Winnebago Reservation was lowest among the comparison group, but the percentage point gain was highest.

Figure 2.12: Home-Ownership rates for Iowa, Nebraska, South Dakota, Winnebago Reservation and U.S., 2013 and change between 2000 and 2013

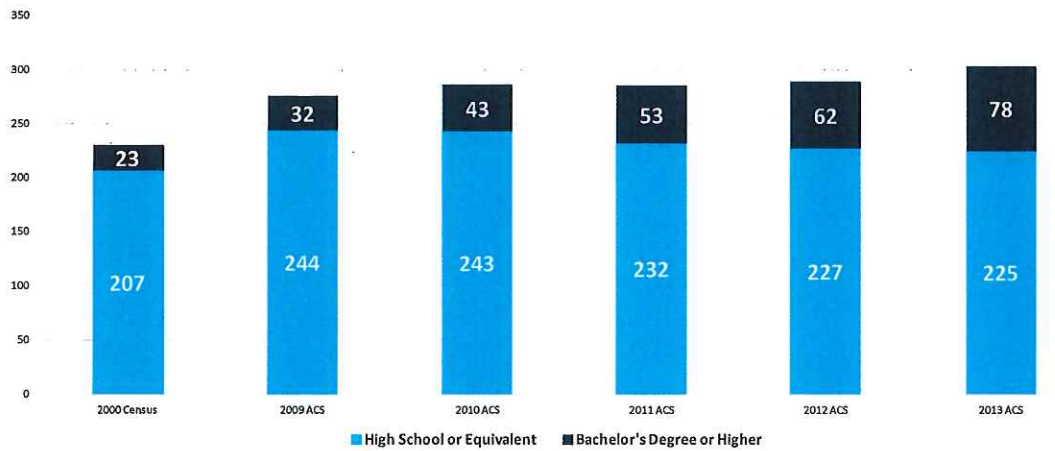


Source: Goss & Associates based on U.S. Census data

Educational attainment. The Tribal population at the Winnebago Reservation has seen improvements in educational attainment outcomes since 2000. The number of adults, 25 years old or older, with a high-school diploma (or equivalent) increased 8.7 percent since 2000. In addition, the number of adults holding a bachelor's degree or higher increased an outstanding 239.1 percent from 2000 to 2013. Figure 2.13 shows this improvement.

Educational attainment for the White Alone¹⁰ population edged downward during the 2000 to 2013 period. The number of high-school graduates (or equivalent) declined 17.5 percent, from 285 adults to 235 adults. Likewise, the number of adults holding a bachelor's degree or higher slipped 8.3 percent, from 121 adults to 111 adults.

Figure 2.13: Education attainment, adults age 25 or older American Indian, Winnebago Reservation



Source: 2000 data: 2000 U.S. Census; 2009 to 2013 data: American Community Survey, 5-year average – U.S. Census



Hawk Building located on the campus of Little Priest Tribal College in Winnebago, Nebraska

¹⁰Define by U.S. Census bureau as individuals who reported “White” as their only entry in the race question.

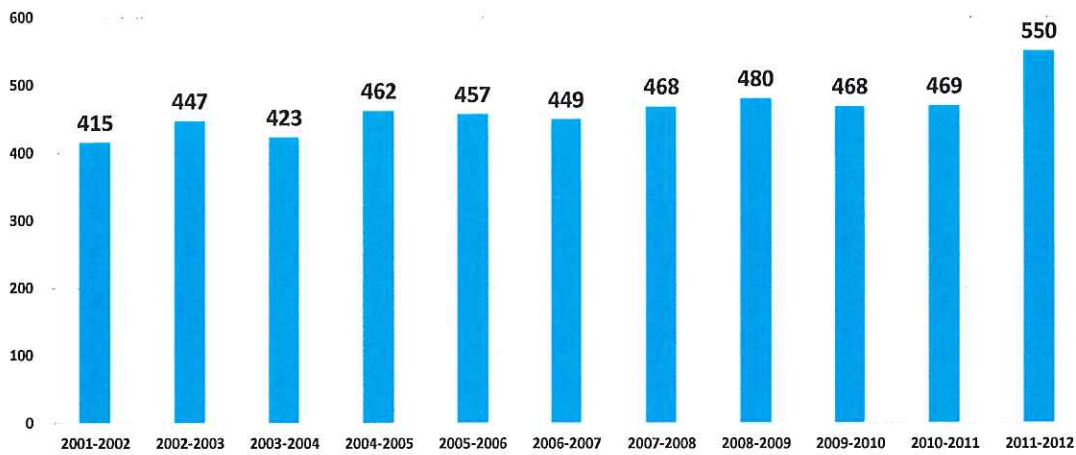
Enrollment at the Winnebago Public School District increased 32.5 percent from the 2001-2002 school year to the 2011-2012 school year, with enrollment in the most recently reported year at 550 students. Enrollment in the 12th Grade grew by 93.3 percent over the same time period. This is clear evidence of a reduction in the Winnebago Reservation drop-out rate.

School District made steady progress in graduation rates versus the state with 2013 graduation rates of 88.0 percent for the WPSD compared to 88.5 percent for all NPS.

This is clear evidence of a reduction in the Winnebago Reservation high school drop-out rate.

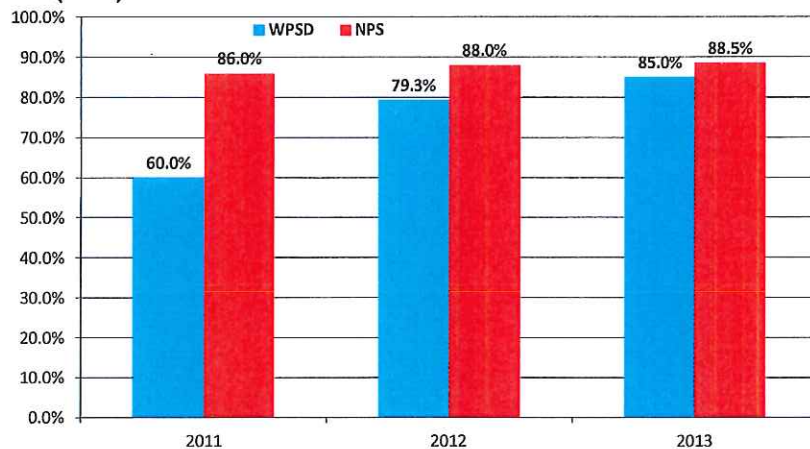
Figure 2.15 compares high school graduation rates for the Winnebago Public School District (WPSD) and Nebraska Public Schools (NPS). As presented during this period, the Winnebago Public

Figure 2.14: Total enrollment: Winnebago Public School District, 2001-02 to 2011-12 school years



Source: Nebraska Department of Education

Figure 2.15: Cohort graduation rate: Winnebago Public School District (WPSD) vs. Nebraska Public Schools (NPS)



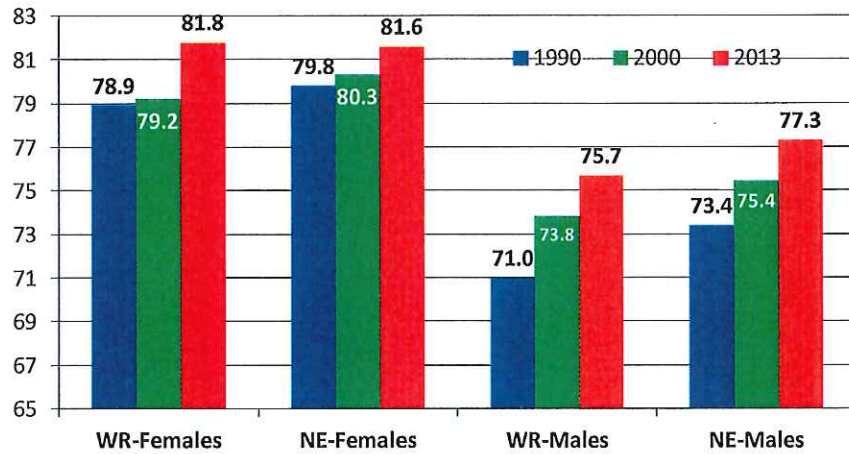
Source: Nebraska Department of Education

Life expectancy.¹¹ Figure 2.16 shows life expectancies for females and males for the Winnebago Reservation and for Nebraska. As listed for 2013, Winnebago female life expectancy of 81.8 years exceeded that of the average Nebraska female's 81.6. On the other hand for 2013, Winnebago males had a lower 75.7 years of life expectancy than the average Nebraska male's 77.3 life expectancy.

In terms of the growth in life expectancies between 1990 and 2013, Winnebago females and males experienced superior outcomes in comparison to the average Nebraskan.

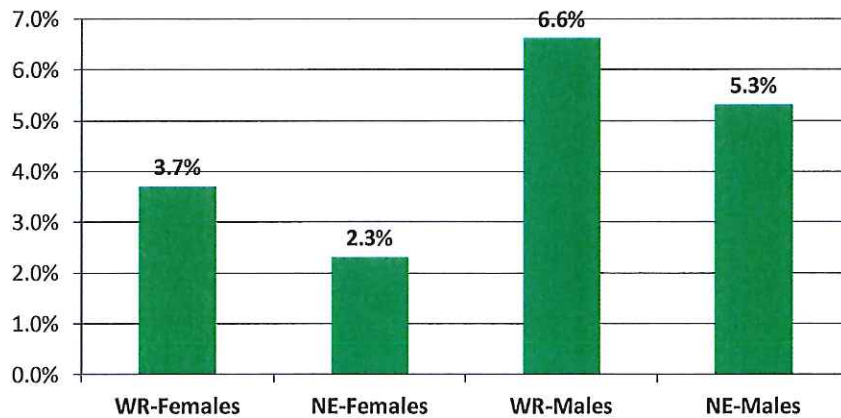
Figure 2.17 compares female and male life expectancies between 1990 and 2013 for the Winnebago Reservation versus Nebraska. As presented between 1990 and 2013, Winnebago females experienced a higher 3.7 percent growth in life expectancy compared to Nebraska's lower 2.3 percent expansion. Furthermore during this same period of time, Winnebago males' life expectancy advanced by 6.6 percent as opposed to the average Nebraska male's lower 5.3 percent.

Figure 2.16: Life expectancies for Winnebago Reservation vs. Nebraska, 1990, 2000 and 2013



Source: U.S. Census Bureau

Figure 2.17: Percent change in life expectancy, Winnebago Reservation vs. Nebraska, 1990-2013



Source: U.S. Census Bureau

¹¹Data presented are for Thurston County and are representative of that for the Winnebago Reservation.

Labor market indicators continue their positive trend for the American Indian population on the Winnebago Reservation. The American Indian civilian labor force grew 47.7 percent from 488 workers in 2000 to 721 workers 2013. The Winnebago Reservation saw solid employment growth during the same time period, with employed workers increasing from 400 workers in 2000 to 603 workers in 2013.

The participation rate (the percentage of the population in the labor force) for the American Indian population increased from 58.0 percent in 2000 to 64.4 percent in 2013, a 6.4 percentage point increase. The unemployment rate for the American Indian population on the Winnebago Reservation

edged downward from 18.0 percent in 2000 to 16.4 percent in 2013.

In comparison, the civilian labor force for the White Alone population decreased 20.4 percent during same time period to 425 workers. The number of employed workers shrank by 18.4 percent, from 516 workers to 421 workers. The participation rate held almost steady at 67.2 percent in 2000 and 68.8 percent in 2013.

Summary

This section has demonstrated how Ho-Chunk success has translated into Winnebago Reservation success. As Ho-Chunk revenues have expanded, the Reservation has experienced a significant increase in new businesses, paid private employees, and pay per worker.

Likewise, the Reservation has benefited from declining rates of poverty, higher rates of home ownership, and rising educational achievement. Only values of residential homes have lagged those of comparison groups.

The next section of this report quantifies Ho-Chunk's economic impact.

This section has demonstrated how Ho-Chunk success has translated into Winnebago Reservation success.



Ho-Chunk, Inc. headquarters located in Winnebago, Nebraska

Section 3: The Economic Impact of Ho-Chunk on the Communities

Section Highlights

Every \$1.0 million of Ho-Chunk revenue creates \$2.4 million in sales for the economy, \$865.8 thousand in wages and salaries and supports 21.4 jobs.

2010-14 Ho-Chunk spending generated:

- For the Sioux City Metropolitan area:
 - More than \$363.9 million in sales, or total output.
 - Almost \$126.7 million in wages and salaries.
 - An average of 746 jobs each year.
- For the State of Iowa:
 - Approximately \$106.8 million in sales, or output.
 - Almost \$37.2 million in wages and salaries.
 - An average of 219 jobs each year.
- For the State of Nebraska:
 - Approximately \$191.8 million in sales, or output.
 - Almost \$66.8 million in wages and salaries.
 - An average of 393 jobs each year.
- For the State of South Dakota:
 - Almost \$42.0 million in sales, or output.
 - More than \$14.6 in wages and salaries.
 - An average of 86 jobs each year.
- For the Winnebago Reservation:
 - Approximately \$23.3 million in sales, or output.
 - More than \$8.1 million in wages and salaries.
 - An average of 48 jobs each year.

2010-14 Ho-Chunk SBA 8(a) contracts produced:

- For the Sioux City Metropolitan Area:
 - Approximately \$116.3 million in sales, or total output.
 - More than \$41.7 million in wages and salaries.
 - An average of 206.8 jobs each year.
- For the State of Iowa:
 - Approximately \$34.9 million in sales, or output.
 - More than \$12.5 million in wages and salaries.
 - An average of 62.2 jobs each year.
- For the State of Nebraska:
 - Approximately \$60.3 million in sales, or output.
 - More than \$21.6 million in wages and salaries.
 - An average of 107.2 jobs each year.
- For the State of South Dakota:
 - Approximately \$13.7 million in sales, or output.
 - More than \$4.9 million in wages and salaries.
 - An average of 24.4 jobs each year.
- For all the Winnebago Reservation:
 - Approximately \$7.3 in sales, or output.
 - More than \$2.6 million in wages & salaries.
 - An average of 13.1 jobs each year.
- For all other states:
 - Approximately \$884.3 million in sales, or output.
 - More than \$317.4 million in wages and salaries.
 - An average of 1,573.2 jobs each year.

Introduction

In Section 1, Ho-Chunk revenues and jobs were detailed. For each worker employed by Ho-Chunk, there are non-Ho-Chunk workers residing in the community that depend on selling goods and services to Ho-Chunk. For example, wholesalers in Sioux City sell goods to Ho-Chunk businesses on the Winnebago Reservation. The jobs at Ho-Chunk are considered direct jobs while the jobs at the Sioux City wholesaler are considered spillover or indirect jobs. In addition to the direct and indirect jobs, induced jobs are also supported by Ho-Chunk's direct jobs. The sum of these impacts is termed the total impact.

Figure 3.1 depicts examples of the flow of funds into and out of the region. As indicated, the total impact is the sum of direct (green arrows), indirect (blue arrows) and induced (red arrows) impacts minus leakages (gray arrows).

Leakages represent Ho-Chunk spending outside of the metropolitan area. Input-output multiplier systems are used to estimate impacts listed in Figure 3.1 by industry. With the passage of time, Ho-Chunk's impacts grow as leakages are reduced.

Direct economic impacts. Ho-Chunk spending has direct economic effects on the local economy through expenditures for goods and services and employee salaries. The most obvious direct expenditures are wages paid to workers employed by Ho-Chunk. In addition, expenditures by business visitors to Ho-Chunk have direct impacts on the region. Direct economic impacts are color coded green in Figure 3.1.

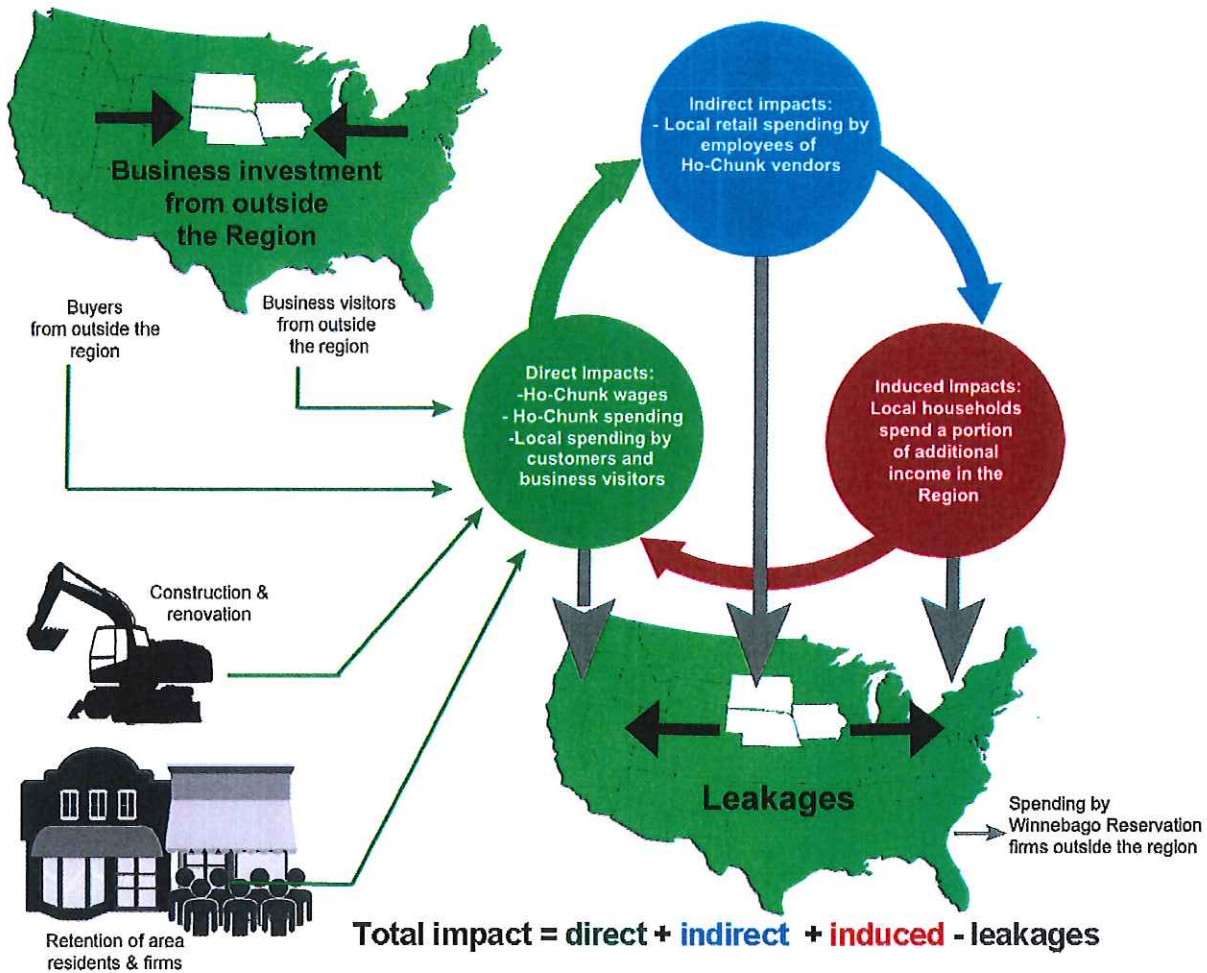
Indirect Economic Impacts. Ho-Chunk spending also produces indirect economic effects on the area economy. Ho-Chunk purchases at area wholesale firms, for example, and generates indirect effects by increasing: (a) the number of firms drawn to the community; (b) the volume of deposits in local financial institutions and; (c) economic development. Examples of indirect economic impacts are color coded blue in Figure 3.1.

Induced Economic Impacts. Induced impacts in the region occur as the initial spending feeds back to industries in the region when workers in the area purchase additional output from local firms in a second round of spending. That is, Ho-Chunk spending increases overall income and population, which produces another round of increased spending adding to sales, earnings and jobs for the area. Examples of induced economic impacts are color coded red in Figure 3.1.



HCI Distribution, a subsidiary of Ho-Chunk, is a national wholesale distribution company in Ho-Chunk Village.

Figure 3.1: Schematic of Impacts

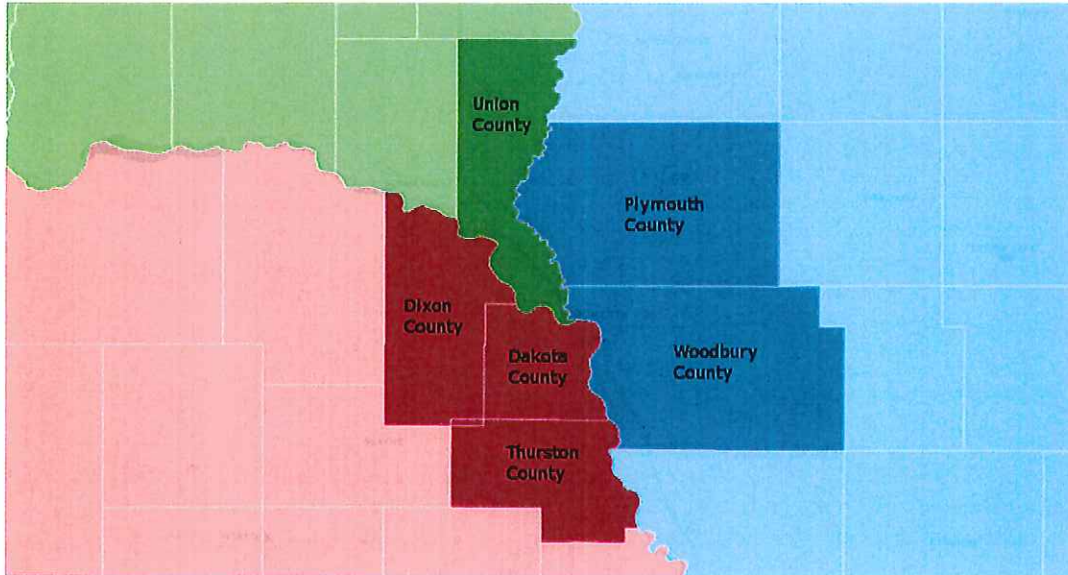


Source: Goss & Associates

Economic Impacts, 2010-14

The impacts presented in this section are for the Sioux City metro area. The area consists of six counties, as presented in Figure 3.2: Plymouth County, Iowa; Woodbury County, Iowa; Dakota County, Nebraska; Dixon County, Nebraska; Thurston County, Nebraska; and Union County, South Dakota.

Figure 3.2: Metropolitan Sioux City area counties, 2014



Source: Goss & Associates based on U.S. Census definition

The tables in this section list the economic impacts to the Sioux City metro area from the operations of Ho-Chunk Inc. Impacts are calculated from direct impacts, the sales figures provided by Ho-Chunk. Table 3.1 lists the direct impacts of Ho-Chunk on retail sales, equipment purchases, and construction expenditures. The original sales figures were adjusted so that only the margin is incorporated into the impact analysis. Here, margin refers to the portion of sales that stays within the Sioux City metro area and gets re-circulated throughout the local economy.¹²

Table 3.1: Ho-Chunk direct spending (impacts) with margin adjustments, 2010-2014

Year	Retail sales (convenience stores)	Equipment	Construction
2010	\$17,876,243	\$309,549	\$18,701,802
2011	\$21,608,748	\$914,294	\$27,509,290
2012	\$25,397,656	\$1,071,465	\$23,482,000
2013	\$24,832,319	\$890,727	\$21,054,000
2014	\$24,503,710	\$1,354,923	\$16,540,000

Source: Goss & Associates estimates using RIMS System

¹²Margins account for the fact that a significant share of retail sales are manufactured outside the region.

SECTION 3: THE ECONOMIC IMPACT OF HO-CHUNK ON THE COMMUNITIES

From the direct impacts are estimated total impacts, which include indirect and induced effects within the Sioux City metro area. Table 3.2 shows the total impacts for the last five years. Over that period, Ho-Chunk has generated almost \$364 million in output and almost \$127 million in wages & salaries. Additionally, Ho-Chunk’s operations have supported an average of 746 jobs per year during this five-year span in the Sioux City metro area.

Table 3.2: Ho-Chunk’s impact on the Sioux City metropolitan area, 2010-2014

Year	Output	Wages & salaries.	Employment
2010	\$59,450,343	\$20,699,799	602
2011	\$80,657,145	\$28,071,307	787
2012	\$80,404,571	\$27,984,985	826
2013	\$75,278,045	\$26,204,047	785
2014	\$68,120,689	\$23,704,717	732
Total	\$363,910,794	\$126,664,856	746 (average)

Source: Goss & Associates estimates using RIMS System

The Sioux City metro area includes territory from three different states: Nebraska, Iowa, and South Dakota. The impacts on each state are not evenly distributed. Tables 3.3, 3.4, and 3.5 show the breakdown of how much each state and the Winnebago Reservation area benefit from Ho-Chunk’s economic impact. Nebraska resulted in the most impact due to a much higher concentration of vendors located in Nebraska counties relative to the other counties in the Sioux City metro area.

Table 3.3: Ho-Chunk’s employment impact by state and the Winnebago Reservation, 2010-2014

Year	Iowa	Nebraska outside Winnebago Reservation	South Dakota	Winnebago Reservation	Sioux City Metro
2010	153	346	61	42	602
2011	243	395	101	48	787
2012	230	445	97	54	826
2013	223	435	75	53	785
2014	247	346	97	42	732
yearly average	219	393	86	48	746

Source: Goss & Associates estimates using RIMS System

Table 3.4: Ho-Chunk's impact on output by state and the Winnebago Reservation, 2010-2014

Year	Iowa	Nebraska outside Winnebago Reservation	South Dakota	Winnebago Reservation	Sioux City Metro
2010	\$15,102,436	\$34,209,563	\$5,979,602	\$4,158,741	\$59,450,343
2011	\$24,951,384	\$40,449,137	\$10,339,358	\$4,917,265	\$80,657,145
2012	\$22,395,152	\$43,301,544	\$9,443,852	\$5,264,023	\$80,404,571
2013	\$21,378,301	\$41,677,431	\$7,155,728	\$5,066,585	\$75,278,045
2014	\$22,977,295	\$32,182,745	\$9,048,302	\$3,912,348	\$68,120,689
Total	\$106,804,569	\$191,820,419	\$41,966,843	\$23,318,962	\$363,910,794

Source: Goss & Associates estimates using RIMS System

Table 3.5: Ho-Chunk's impact on earnings by state and the Winnebago Reservation, 2010-2014

Year	Iowa	Nebraska outside Winnebago Reservation	South Dakota	Winnebago Reservation	Sioux City Metro
2010	\$5,258,463	\$11,911,304	\$2,082,016	\$1,448,017	\$20,699,799
2011	\$8,683,892	\$14,077,614	\$3,598,433	\$1,711,368	\$28,071,307
2012	\$7,794,681	\$15,071,196	\$3,286,953	\$1,832,155	\$27,984,985
2013	\$7,441,718	\$14,507,781	\$2,490,886	\$1,763,662	\$26,204,047
2014	\$7,995,666	\$11,198,989	\$3,148,639	\$1,361,423	\$23,704,717
Total	\$37,174,421	\$66,766,883	\$14,606,927	\$8,116,625	\$126,664,856

Source: Goss & Associates estimates using RIMS System

Ho-Chunk's activities provide economic support to many industries in the Sioux City metro area. Table 3.6 lists the impacts by industry for 2014. Given that Ho-Chunk participates directly in retail trade and construction, those industries are most impacted with \$17,012,543 of output, or sales revenues, going to the construction industry and \$27,905,308 of output going to the retail trade industry. Eight other industries benefitted with output of over \$1.0 million. Ho-Chunk is providing significant impact to a wide range of industries, further indicating the importance of Ho-Chunk's operations to the region.

Table 3.6: Ho-Chunk impacts on the Sioux City metropolitan area by industry, 2014

Industry	Output	Wages & Salaries	Employment	Value added Gross Domestic Product (GDP)
Retail trade	\$27,905,308	\$10,626,340	468	\$15,229,393
Construction	\$17,012,543	\$6,227,586	94	\$6,363,407
Real estate and rental and leasing	\$4,547,148	\$161,379	14	\$3,513,604
Wholesale trade	\$2,576,257	\$864,776	12	\$1,611,585
Health care and social assistance	\$2,224,470	\$1,265,525	25	\$1,348,238
Finance and insurance	\$2,116,596	\$373,994	10	\$1,302,391
Transportation and warehousing	\$1,907,975	\$809,289	18	\$953,355
Manufacturing	\$1,434,987	\$131,972	2	\$1,028,335
Information	\$1,432,459	\$373,308	6	\$645,392
Professional, scientific, and technical services	\$1,349,817	\$624,193	11	\$803,380
Administrative and waste management services	\$936,837	\$459,767	20	\$585,219
Food services and drinking places	\$890,214	\$306,199	18	\$420,115
Utilities	\$844,718	\$92,130	1	\$200,168
Management of companies and enterprises	\$815,686	\$388,737	4	\$451,234
Arts, entertainment, and recreation	\$294,013	\$80,547	4	\$171,313
Educational services	\$249,866	\$105,794	5	\$120,870
Accommodation	\$125,012	\$33,304	2	\$68,905
Agriculture, forestry, fishing, and hunting	\$51,447	\$15,781	0	\$23,679
Mining	\$24,087	\$6,369	0	\$10,869
Other industries	\$1,381,248	\$757,725	19	\$749,791
Total	\$68,120,689	\$23,704,717	732.0	\$35,601,244

Source: Goss & Associates estimates using RIMS System

The Impact of Ho-Chunk SBA 8(a) Contracts

As presented in Section 1, Ho-Chunk has expanded its SBA 8(a) contracts from \$743.7 thousand in 2003 to \$114.2 million in 2014. In this portion of the study, the impacts of these direct dollars are estimated.

Table 3.7 details yearly impacts of Ho-Chunk’s SBA 8(a) contracts across the U.S.

Table 3.7: Impact of Ho-Chunk’s SBA 8(a) contracts on U.S., 2003-14

Year	Output	Earnings	Employment	GDP
2003	\$1,791,453	\$642,980	15.9	\$1,073,113
2004	\$377,089	\$135,343	3.4	\$225,883
2005	\$76,812,136	\$27,569,037	683.2	\$46,011,879
2006	\$19,597,746	\$7,033,927	174.3	\$11,739,409
2007	\$66,009,947	\$23,691,968	587.2	\$39,541,170
2008	\$43,228,990	\$15,515,538	384.5	\$25,894,959
2009	\$41,593,623	\$14,928,580	370.0	\$24,915,343
2010	\$135,663,501	\$48,691,682	1,206.7	\$81,264,926
2011	\$200,750,695	\$72,052,460	1,785.7	\$120,253,350
2012	\$204,224,964	\$73,299,427	1,816.6	\$122,334,501
2013	\$184,805,374	\$66,329,443	1,643.8	\$110,701,810
2014	\$275,163,344	\$98,760,285	2,447.6	\$164,827,892
Total 2003-14	\$1,250,018,863	\$448,650,670	926.6 (average)	\$748,784,235

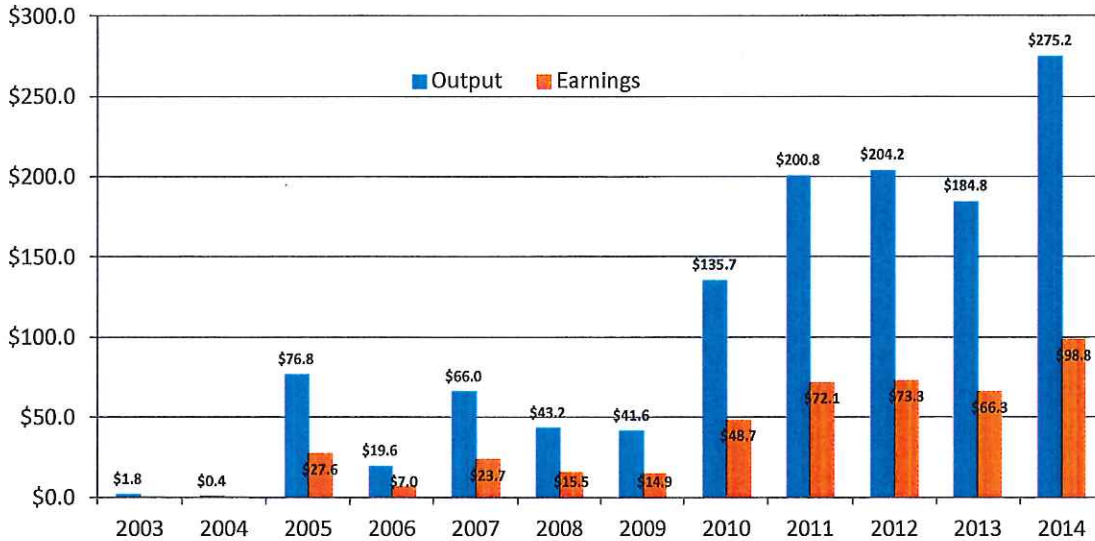
Source: Goss & Associates estimates using RIMS System



Ho-Chunk Village (Source: SBA.gov)

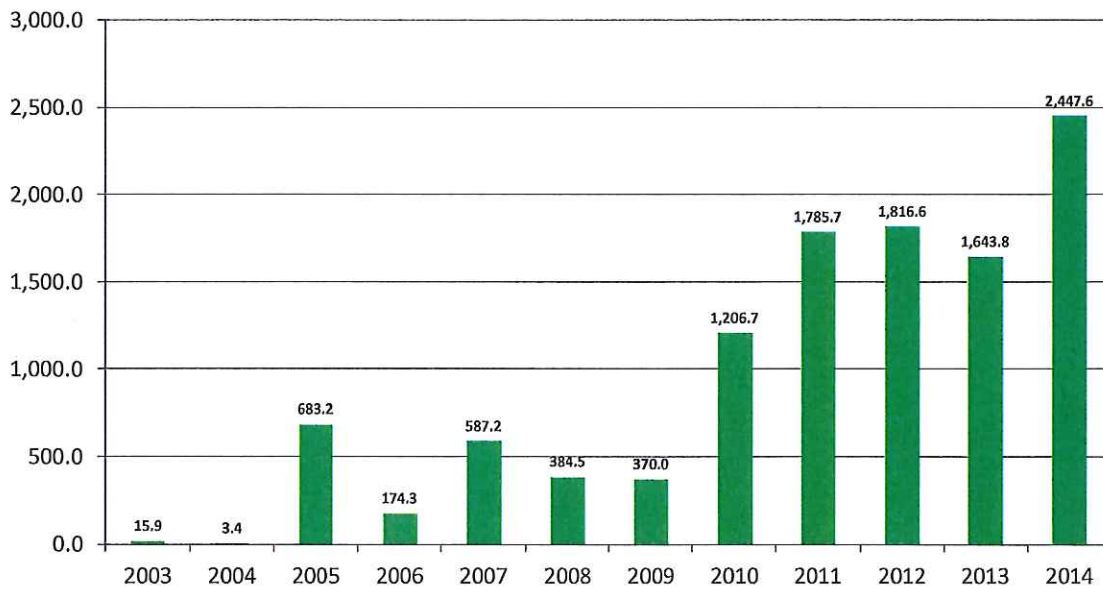
Figure 3.3 shows the impacts per year of Ho-Chunk’s SBA 8(a) contracts from 2003 to 2014. Figure 3.4 shows the jobs impacts for the same years.

Figure 3.3: Impact of Ho-Chunk’s SBA 8(a) contracts on U.A., 2003-14 (in millions)



Source: Goss & Associates

Figure 3.4: Jobs supported by Ho-Chunk’s SBA 8(a) contracts on U.S., 2003-14



Source: Goss & Associates

Table 3.8 lists 2014 U.S. impacts by industry from Ho-Chunk SBA 8(a) contracts.

Table 3.8: 2014 impacts per industry from SBA 8(a) contracts on U.S.				
Sector	Output	Wages & Salaries	Employment	Value added Gross Domestic Product (GDP)
Retail trade	\$121,426,008	\$49,275,186	1,534.80	\$77,130,064
Real estate and rental and leasing	\$25,306,278	\$1,616,358	72.7	\$18,974,142
Manufacturing	\$22,421,413	\$2,968,876	41.9	\$6,223,164
Finance and insurance	\$14,940,146	\$5,043,981	71.4	\$7,952,365
Professional, scientific, and technical services	\$13,900,755	\$7,290,544	90.9	\$8,886,129
Transportation and warehousing	\$10,786,733	\$4,568,548	82.2	\$5,807,284
Health care and social assistance	\$10,356,663	\$5,988,748	110.9	\$6,453,272
Information	\$8,649,767	\$1,924,283	18.7	\$4,595,235
Wholesale trade	\$6,678,155	\$2,322,994	28.8	\$4,404,038
Administrative and waste management services	\$6,180,656	\$3,451,846	96.3	\$4,290,947
Utilities	\$5,663,575	\$790,290	5.8	\$2,599,088
Management of companies and enterprises	\$4,942,778	\$2,547,290	21.3	\$3,032,799
Food services and drinking places	\$4,195,766	\$1,725,953	73.1	\$2,327,689
Construction	\$2,639,597	\$906,575	13.8	\$1,075,979
Mining	\$1,927,486	\$564,114	3.9	\$1,446,945
Agriculture, forestry, fishing, and hunting	\$1,816,994	\$549,934	14.2	\$863,272
Arts, entertainment, and recreation	\$1,727,845	\$660,831	24	\$1,004,598
Educational services	\$1,584,999	\$920,582	23.8	\$1,004,979
Accommodation	\$870,475	\$327,708	9	\$563,900
Other industries	\$9,147,255	\$5,315,644	110	\$6,192,002
Total	\$275,163,344	\$98,760,285	2,447.6	\$164,827,892

Source: Goss & Associates estimates using RIMS System

Impacts for comparison areas. Tables 3.9, 3.10 and 3.11 list SBA 8(a) impacts by state and area for the period 2010-2014.

Table 3.9: Impact of Ho-Chunk's SBA 8(a) contracts by state, 2010-14

Year	Nebraska (outside Winnebago Reservation)	Iowa	South Dakota	Winnebago Reservation	Sioux City Metro	Other states
2010	\$6,483,316	\$2,861,959	\$1,133,153	\$787,598	\$11,266,027	\$124,397,474
2011	\$11,495,716	\$7,090,684	\$2,938,239	\$1,396,508	\$22,921,147	\$177,829,548
2012	\$13,378,156	\$6,918,527	\$2,917,486	\$1,625,188	\$24,839,357	\$179,385,606
2013	\$12,908,326	\$6,620,776	\$2,216,101	\$1,568,113	\$23,313,315	\$161,492,059
2014	\$16,030,643	\$11,444,412	\$4,506,731	\$1,947,414	\$33,929,199	\$241,234,145
total	\$60,296,157	\$34,936,358	\$13,711,710	\$7,324,820	\$116,269,046	\$884,338,833

Source: Goss & Associates estimates using RIMS System

Table 3.10: Impact of Ho-Chunk SBA 8(a) on wages & salaries by state, 2010-2014

Year	Nebraska (outside Winnebago Reservation)	Iowa	South Dakota	Winnebago Reservation	Sioux City Metro	Other states
2010	\$2,327,424	\$1,027,200	\$406,706	\$282,218	\$4,043,547	\$44,648,134
2011	\$4,126,808	\$2,544,954	\$1,054,578	\$500,406	\$8,226,746	\$63,825,713
2012	\$4,802,579	\$2,483,164	\$1,047,130	\$582,349	\$8,915,221	\$64,384,206
2013	\$4,633,916	\$2,376,297	\$795,392	\$561,897	\$8,367,501	\$57,961,942
2014	\$5,754,785	\$4,107,572	\$1,617,534	\$697,811	\$12,177,703	\$86,582,582
total	\$21,645,511	\$12,539,187	\$4,921,340	\$2,624,680	\$41,730,718	\$317,402,578

Source: Goss & Associates estimates using RIMS System

Table 3.11: Jobs impact of Ho-Chunk's SBA 8(a) contract awards by area, 2010-2014

Year	Nebraska (outside Winnebago Reservation)	Iowa	South Dakota	Winnebago Reservation	Sioux City Metro	Other states
2010	57.6	25.5	10.1	7.0	100.2	1,106.5
2011	102.2	63.1	26.1	12.5	203.9	1,581.8
2012	118.9	61.5	26.0	14.5	220.9	1,595.6
2013	114.8	58.9	19.7	14.0	207.4	1,436.5
2014	142.5	101.8	40.1	17.4	301.8	2,145.8
average	107.2	62.2	24.4	13.1	206.8	1,573.2

Source: Goss & Associates estimates using RIMS System

Summary

This section of the study has quantified the impact of Ho-Chunk's spending on the areas of the nation in which it operates or buys products and services. As presented, these impacts extend to the Winnebago Reservation. Figures 3.5-3.10 summarize these impacts for the period 2010 through 2014.

Summary of Total Ho-Chunk Spending

Figure 3.5: Economic impact of Ho-Chunk on sales, (in millions)

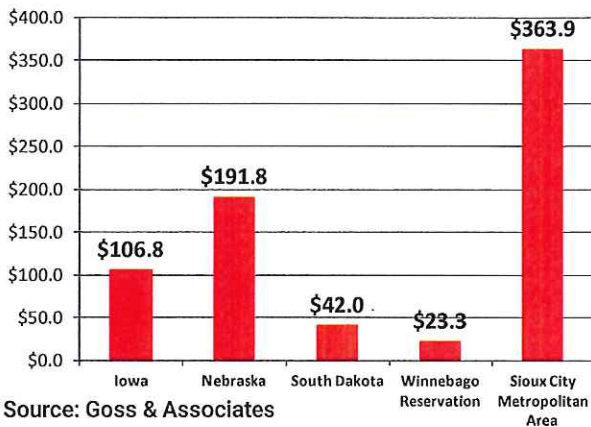


Figure 3.6: Economic impact of Ho-Chunk on wages & salaries, (in millions)

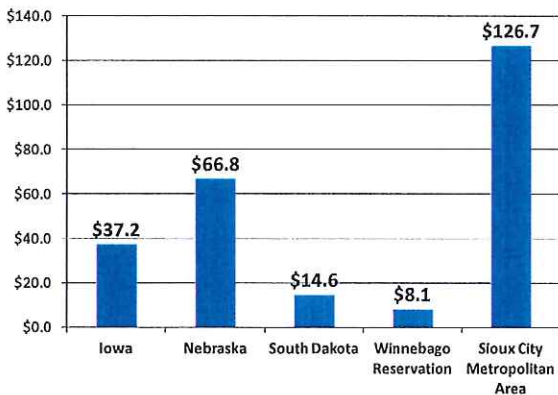
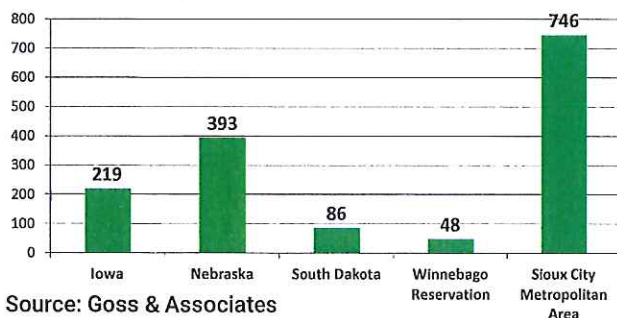


Figure 3.7: Economic impact of Ho-Chunk on average yearly jobs



Summary of Ho-Chunk SBA 8(a) impacts

Figure 3.8: Economic impact of Ho-Chunk SBA 8(a) contracts on sales, (in millions)

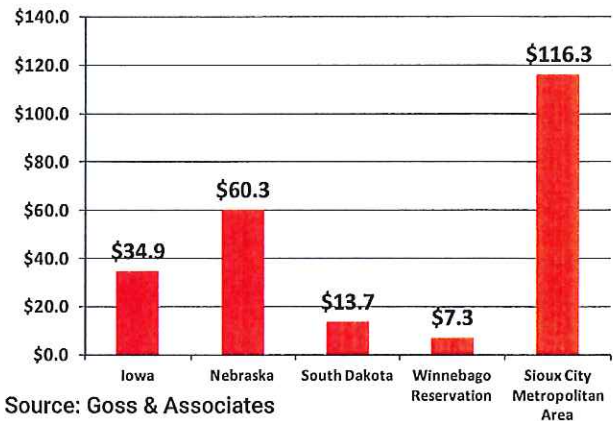


Figure 3.9: Economic impact of Ho-Chunk SBA 8(a) contracts on wages & salaries, (in millions)

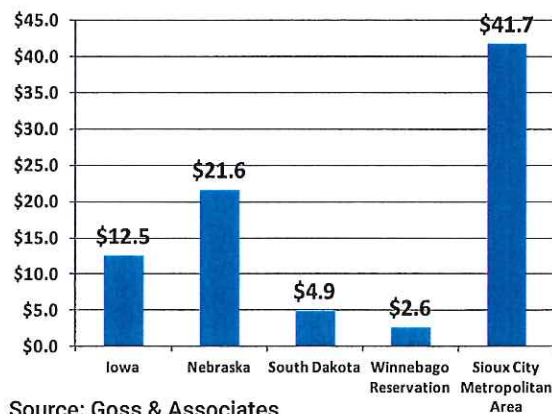
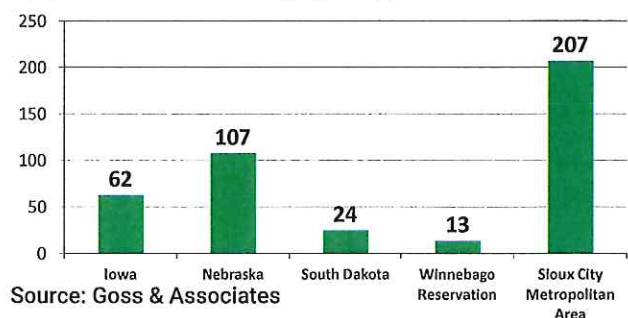


Figure 3.10: Economic impact of Ho-Chunk SBA 8(a) contracts on average yearly jobs



Appendix A

Multiplier System Overview

When employees of Ho-Chunk spend their salaries within the community, that spending filters through the local economy, causing increased overall spending greater than the initial spending. The impact of this re-spending is known as the multiplier effect. Economic impacts that take place outside the local economy, for example employee dollars spent in Des Moines or Kansas City, are called leakages and reduce the multiplier and overall impacts. They are excluded when estimating regional economic impacts.

While the direct effects of spending can be measured by a straightforward methodology, the indirect and induced effects of spending must be estimated using regional multipliers. Community characteristics that affect leakages, and consequently the multiplier include:

Location. Distance to suppliers affects the willingness to purchase locally. For example, if area firms are unable to provide supplies at competitive prices, and there are alternative suppliers in Kansas City that are more price-competitive, then Ho-Chunk and its employees will be more likely to spend outside the community. This results in greater leakages, lower multipliers, and smaller impacts.

Population size. A larger population provides more opportunities for companies and workers to purchase locally. Larger population areas are associated with fewer leakages and larger multipliers. Thus, in general, \$8(a) dollars flowing into Sioux City will have larger impacts than the same level of dollars flowing into rural areas of Nebraska.

Clustering. A community will gain more if the inputs required by local industries for production match local resources and are purchased locally. Thus, over time, as new firms are created to match the requirements of Ho-Chunk, leakages will be fewer, resulting in larger multipliers and impacts. This issue is at the heart of economic development, amplifying the impacts of the clustering of retail and wholesale firms.

As a result of Ho-Chunk's location near Metropolitan Sioux City with its needs served by regional firms, financial impacts are larger with those impacts growing as Ho-Chunk expands. As Ho-Chunk increases in size, institutions become more proficient and focused on meeting its needs. Furthermore, suppliers unique to Ho-Chunk are more likely to locate in close proximity to Ho-Chunk. This not only expands income and jobs on and surrounding the Winnebago Reservation, it increases the size of multipliers related to Ho-Chunk.

Regional Input-output Multiplier System (RIMS)

Regional input-output multipliers are used to estimate how an increase in economic activity affects the industries located in a given region. One of the main conceptualizations of regional input-output multipliers is called RIMS II, which was developed by the Bureau of Economic Analysis (BEA). RIMS was first developed by the BEA in the 1970s. This initial method was referred to as the Regional Industrial Multiplier System, or RIMS. In the 1980s, an updated version of the RIMS multiplier system was developed and renamed to the Regional Input-Output Modeling System, or RIMS II.

This study uses an alternative, proprietary version of a regional input-output multiplier, called I-RIMS, provided by IMPLAN. I-RIMS is nearly identical to RIMS II, but uses a more recent dataset and incorporates a slightly different modeling methodology that is more appropriate for the region under investigation.

IMPLAN and RIMS (Regional Input-Output Modeling System) are two of the most widely used multiplier models.

Generally, RIMS multipliers are used as a tool to allow for systematic approaches to economic impact analysis. Impact analysis consists of measuring inter-industry relationships within a defined region, and regional multipliers, like RIMS, provide a consistent way to measure the dynamics of the regional economy. These relationships provide insight into how a particular policy or project will affect the region's economy.

RIMS multipliers are commonly used by government and consulting groups to estimate many different types of projects and policies. For example, a common project would be the analysis of the impact of building a sports stadium, such as the TD Ameritrade Park in Omaha. Governments use regional multipliers when estimating the effect of policy decisions, such as closing a military base or building an airport.

The multipliers included in RIMS II from the BEA and I-RIMS from IMPLAN are considered final-demand multipliers. Effective use of a regional multiplier depends on estimating the change in final demand of the project or program under consideration, and then using the multiplier to estimate the impact resulting from the demand and the resultant circulation of cash in the region.

Final-demand multipliers allow researchers to input direct sales figures for the calculation of total impact for output, earnings, employment, and value added. Additionally, RIMS includes direct-effect multipliers for employment and earnings calculations, for when these values are available to the researcher. Direct-effect multipliers give estimated employment and earnings impact figures from initial changes to each.

Appendix B: Researchers' Biographies

Ernie Goss is the Jack MacAllister Chair in Regional Economics at Creighton University and is the initial director for Creighton's Institute for Economic Inquiry. He is also principal of the Goss Institute in Denver, Colorado. Goss received his Ph.D. in Economics from The University of Tennessee in 1983 and is a former faculty research fellow at NASA's Marshall Space Flight Center. He was a visiting scholar with the Congressional Budget Office for 2003-04, and has testified before the U.S. Congress, the Kansas Legislature, and the Nebraska Legislature. In the fall of 2005, the Nebraska Attorney General appointed Goss to head a task force examining gasoline pricing in the state.

He has published more than 100 research studies focusing primarily on economic forecasting and on the statistical analysis of business and economic data. His book Changing Attitudes Toward Economic Reform During the Yeltsin Era was published by Praeger Press in 2003, and his book Governing Fortune: Casino Gambling in America was published by the University of Michigan Press in March 2007.

He is editor of Economic Trends, an economics newsletter published monthly with more than 11,000 subscribers, produces a monthly business conditions index for the nine-state Mid-American region and conducts a survey of bank CEOs in ten U.S. states. Survey and index results are cited each month in approximately 100 newspapers and citations have included the New York Times, Wall Street Journal, Investors Business Daily, The Christian Science Monitor, Chicago Sun Times and other national and regional newspapers and magazines. Each month 75-100 radio stations carry his Regional Economic Report.

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Jeffrey Milewski is a senior research economist at Goss & Associates. He received his master's degree in political economy from the London School of Economics and Political Science in 2013. He completed his bachelor's degree at Creighton University in 2007, having studied economics and finance. Milewski also has experience working in finance, and as an entrepreneur. Recently, he has co-authored impact studies on a range of topics such as property-casualty insurance, highway expansion, cost/benefit, and national sporting events.