

2018
ECONOMIC IMPACT
STUDY



HO·CHUNK
INCORPORATED



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1832-1865

U.S. Government forced relocations.

1865

Winnebago Reservation established in Nebraska.

1913

Two thirds of Nebraska reservation have been lost.

1940-1960

Federal Policy of Termination

allows states jurisdiction over reservation lands.

1988

Indian Gaming Regulatory Act

1988

SBA 8(a) Contracting Program

1992

Winnebago Tribe launches WinnaVegas Casino.

1994

Winnebago Tribe launches Ho-Chunk, Inc. with casino profits.

2012

Ho-Chunk, Inc. exceeds \$250 million revenue.

2016

83% increase in Winnebago household income since 2000.

**The goal of the Economic Impact Study was to determine the amount of economic and social impact Ho-Chunk, Inc. operations have had on the Winnebago Reservation, the state of Iowa and Nebraska, the Sioux City, Iowa metropolitan area and the tristate region.*

Finalized in late 2018, "The Economic Contributions of Ho-Chunk, Inc. to Winnebago Indian Reservation, Iowa, Nebraska South Dakota and the U.S." examined data provided by Ho-Chunk, Inc. and additional public data compiled by Goss & Associates for various economic indicators over several years since the company's launch in 1994. Ernest Goss, the principal investigator, is the McAllister Chair and Professor of Economics at Creighton University in Omaha, Neb.



Historical Introduction



Once a thriving culture with rich heritage,

the Winnebago Tribe of Nebraska's unwilling journey decimated its people and identity. Generations of historical trauma has etched lasting scars endured today. Originally a Woodlands tribe, the Winnebagos (traditionally known

as Ho-Chunk), lived in forests, sustaining themselves for hundreds of years by hunting, gathering and farming. The Tribe originally held lands in present-day Kentucky, then migrated to Wisconsin. In the 1800s, a series of tragic events began a descent to crippling poverty and despair.

Goss & Associates Impact Data

1990	Below Poverty	Unemployment	Median Income
Winnebago Reservation	43.9%	40%	\$13,850
Nebraska	10.9%	2.4%	\$26,016



A people in poverty

The remaining Tribal members failed to develop an economy on the reservation. Remaining land was put "in trust" by the Federal Government, depriving Tribal control of the land and its value. Trust lands could not be used as collateral for mortgages, investments or new development.

Joblessness, poverty and addiction plagued the reservation. By 1990, there was 40% unemployment and 43% lived below poverty. Median income on the reservation was half that of Nebraska.

Most housing was federally-subsidized and income-restricted. The Winnebago Tribe was entirely dependent on government welfare.

Historical Introduction

Indian Removal Era

Indian removal was a forced migration from ancestral homelands beginning with European colonization of North America, and continued by the U.S. Government and its citizens until the mid-20th century.

The U.S. Government uprooted the Winnebago Tribe five times. Finally in 1865, the surviving Winnebago were ceded a small reservation in rural northeast Nebraska.

For the next century, the Tribe struggled to survive. The relocations had stripped them of traditional ways. Without resources or governmental support, they could not sustain themselves. Children were forcibly removed to remote boarding schools where they endured a litany of abuses while giving up everything they'd known to assimilate into modern society.

The Dawes Act of 1887 divided and sold reservation lands mostly to white settlers across the U.S. Two-thirds of the Nebraska reservation was lost by 1913. Half of the Tribe then fled back to Wisconsin.



"Since we have given away our country to you, accepting your presents, and meeting you in council, we have been miserable and our tribe has diminished in strength."

- Chief Little Hill, Winnebago
Congressional Testimony, 1865

Breaking the Cycle

A new era emerged. Social movements, legislation and beliefs shifted toward Native American self-determination beginning in the 1970s. The Winnebago Tribe's self-governance and decision-making ability was seen as the key to breaking the poverty cycle.

A piece of self-determination policy, the Indian Gaming Regulatory Act, allowed the Winnebago Tribe to build a small casino on Reservation Trust Lands. The casino began generating modest revenue and providing some employment.

Tribal leaders knew gaming was not the answer to long-term self-sufficiency. The revenue, however, made starting new businesses and diversifying the Tribe's economy possible for the first time.

Ho-Chunk, Inc.

Each day's work is a step for tomorrow. Launched in 1994 with one employee and no revenue, Ho-Chunk, Inc. has grown into a diversified corporation with over a thousand employees.

Founder and CEO Lance Morgan, a Winnebago Tribal member, began the company with a dual mission – provide immediate employment using the Tribe's economic and legal advantages to grow successful businesses, and generate a sustainable, long-term income stream large enough for the Tribe to reach economic self-sufficiency.

The U.S. Small Business Administration's 8(a) Contracting Program is critical to that mission, allowing Ho-Chunk, Inc. to compete for federal contracts on a level field.

Revenue Generation

- Passive Investments
- Wholesale Distribution
- Retail
- Construction
- Information Technology
- Professional Services
- Government Contracting
- Real Estate



Job Opportunities

- Wholesale Distribution
- Retail
- Construction
- Manufacturing
- Administration

In the Winnebago Community,

Ho-Chunk, Inc. works to remove barriers and create opportunities. This approach has grown into an ecosystem of programs helping Tribal members through each stage of life.

A key priority of these programs is housing. A good home is the foundation of a good life. Yet, housing remains a critical need in the Winnebago Community. Reservation land held in trust cannot be used for mortgage collateral, and “redlining” practices have excluded Native Americans from attaining loans.

Ho-Chunk, Inc. started a pre-owned car dealership to help Tribal members build good credit, and invested in a regional bank to facilitate mortgages. Ho-Chunk, Inc.’s real estate company developed programs to educate Tribal members from budgeting to home maintenance.

As a result, more Tribal members are now realizing the dream of home ownership for the first time in the history of their family. In fact, more than \$1.7 million in down payment assistance has been awarded to Tribal families since 2002, funded largely by Ho-Chunk, Inc.’s dividend to the Tribe.

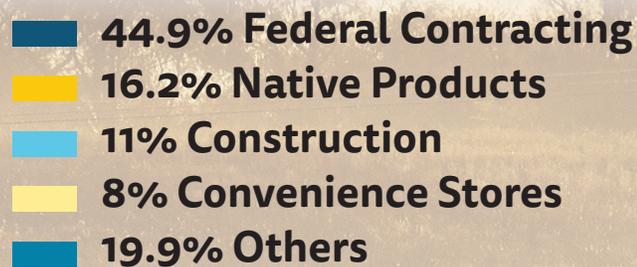
Youth programs include education, scholarships and internships to help prepare Tribal members for meaningful employment at Ho-Chunk, Inc. and beyond. Investments in senior housing and donations to the Winnebago Senior Citizens Center show respect for the community’s elders.

A group of young professionals – mostly Native American women – who started in the company’s college internship program now help manage Ho-Chunk, Inc. Their roles include operations, accounting, human resources, government contracting, community impact and more.

The college internship program places students with mentors in companies across Ho-Chunk, Inc. They work on real projects, develop real experience and earn a paycheck.



2017 Ho-Chunk, Inc. Sources of Revenue (\$303.7m)



**Source: 2018 Goss & Associates Economic Impact Data*

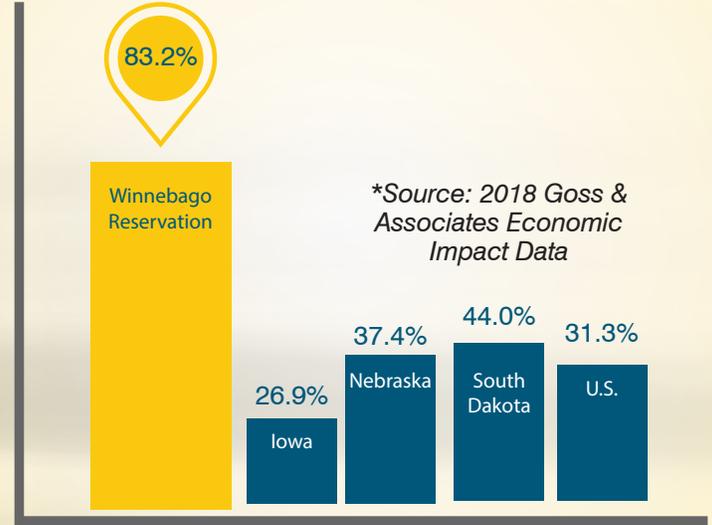
Progress on the Winnebago Indian Reservation

Household Income & Overcoming Poverty (2000-2016)

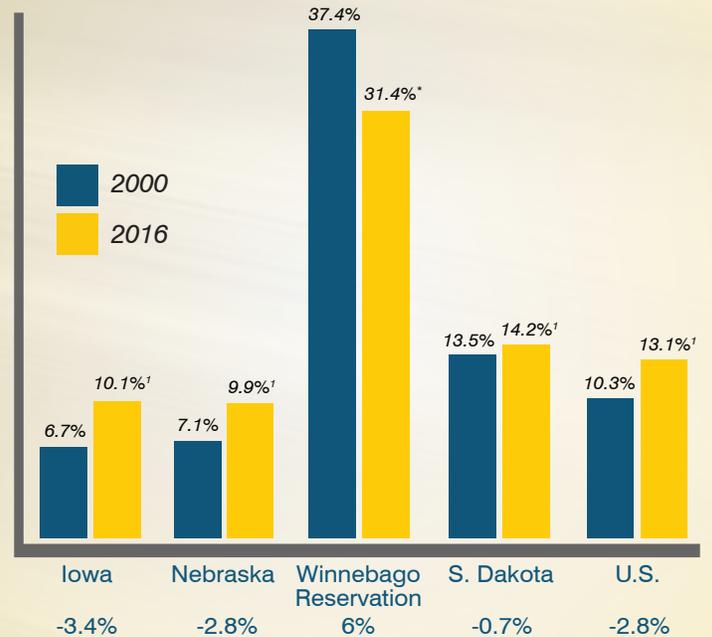
- The share of the Winnebago population on the Reservation living in poverty decreased 6% while the surrounding states all saw an increase in poverty.
- The percentage of children living in poverty fell from 44.2% to 38.6%.
- The median household income on the reservation grew 83.2%.
- The average payroll per Reservation worker soared by 167.6%.
- Every 5 jobs added by Ho-Chunk, Inc. result in approximately 1 job on the Winnebago Reservation.

*Source: 2018 Goss & Associates Economic Impact Data

Median Household Income Growth (2000-2016)



Poverty Rates: 2000 versus 2016



¹Percent of Population Living in Poverty, 2016 U.S. Census Bureau

*Source: 2018 Goss & Associates Economic Impact Data

"My belief of self-sufficiency was accepted by most of the tribal leadership; that is the goal we set about achieving."

– Reuben Snake, Jr.,
Winnebago Tribal Chairman
& Native American Activist

Progress on the Winnebago Reservation

Housing

Home ownership is the best way for minorities to transfer wealth among generations. Yet that staple of the American dream has largely been unreachable for Native Americans.

Ho-Chunk, Inc. is making award-winning strides in reservation housing development. In addition to removing barriers to credit and mortgages, a master-planned community on the reservation is expanding new housing.

The 40-acre Ho-Chunk Village broke ground in 2003 and is nearly full. Infrastructure is being laid to develop an adjacent 40 acres, with the long-term plan for a total 180-acre development. This master plan provides a walkable community for Tribal members to live, shop and work.

In fact, Ho-Chunk, Inc. has pledged to raise \$20 million to build 100 new housing units in 5 years. At the end of 2017 – the second full year of the pledge – 57 units were already finished.

Lots in the Village are provided at no cost to Tribal members. Ho-Chunk, Inc.'s homebuilding companies sell houses at cost. Tribal members can also qualify for up to \$65,000 for a down payment from the Down Payment Assistance Program largely funded by Ho-Chunk, Inc.

In addition to more Tribal members achieving home ownership, this approach has profoundly increased home valuations on the reservation, almost bringing them in line with the greater region.

Home Ownership (2000-2016)

- Home ownership jumped 8.4%, out-pacing the regional and national averages.
- Ho-Chunk, Inc. profits fund the Down Payment Assistance Program which has awarded more than \$1.78 million toward the down payments on 55 new homes for Tribal members.
- Median home values climbed 23.6% from 2011 to 2016.

Source: *2018 Goss & Associates Economic Impact Data

23.6%
Increase in
Median Home
Values

8.4%
Increase
in Home
Ownership

\$1.78m
in Down
Payment
Assistance

*Source: 2018 Goss & Associates Economic Impact Data

Ho-Chunk, Inc. purchased and funded the installation of solar panels on the Reservation's senior housing units.



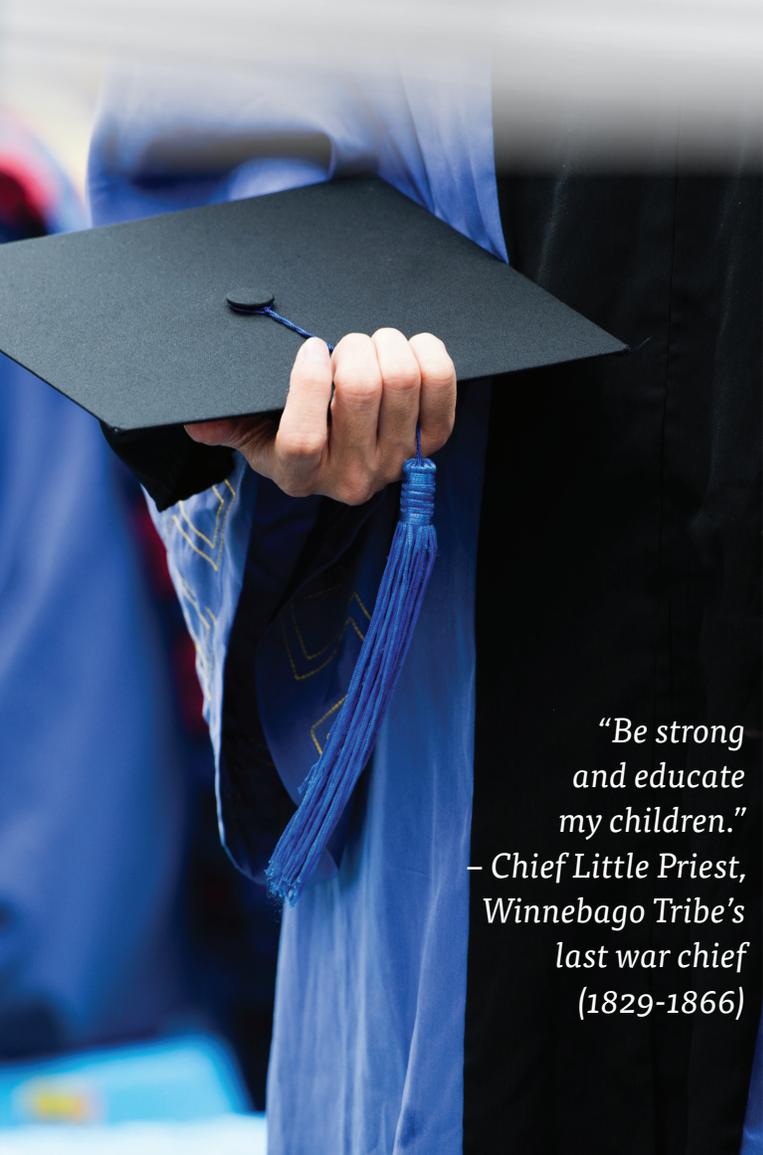
Education

The Native American population in Winnebago has attained higher education degrees at a significant rate in recent years. A record number of adults now hold a bachelor's, graduate or professional degree.

A major driver is Ho-Chunk, Inc.'s significant investments into education, scholarship and internship programs. The company's new Community Impact & Engagement Division is also strengthening collaboration with Tribal education programs and other resources.

A group of young professionals – mostly Native American women – who started in the company's college internship program now help manage Ho-Chunk, Inc. Their roles include operations, accounting, human resources, government contracting, community impact and more.

The college internship program places students with mentors in companies across Ho-Chunk, Inc. They work on real projects, develop real experience and earn a paycheck.



“Be strong and educate my children.”
– Chief Little Priest, Winnebago Tribe's last war chief (1829-1866)

Impact on Education (2000-2016)

- Enrollment in the Winnebago Public School District has increased 42.9% since 2001.
- High school graduation rates averaged 9.9% higher from 2012 to 2017 (80.2%) versus 2011 (70.3%).
- The number of adults age 25 or older with a bachelor's degree or higher increased 69.8% since 2011.

**Source: 2018 Goss & Associates Economic Impact Data*

Improvements in Education

69.8%

Increase of adults with Bachelor's degree or higher on the Reservation

42.9%

Increase in enrollment in Winnebago Public Schools (593 in 2017)

9.9%

Higher average high school graduation rate over the past 5 years



**Source: 2018 Goss & Associates Economic Impact Data*

Economic Impact

Winnebago Reservation Impact

Ho-Chunk, Inc. is a model for Tribal advancement. Key indicators show the company is objectively fulfilling its social and economic missions. Significant growth factors include employment, household income, home ownership and education.

As a result, more Tribal members are emerging from poverty at a greater rate than ever before. The company's direct employment, programs, investments and partnerships work together to promote economic sustainability and self-sufficiency.

2017 Impact on the Reservation

- **\$17.8 million total impact**
- **214 jobs supported**
- **\$7.3 million increase to labor income**
- **\$703,000 state and local taxes**

**Source: 2018 Goss & Associates Economic Impact Data*



**Donations to the
Winnebago Tribe
+
Dividends to the
Winnebago Tribe**

\$181.9m
Total
Contributions

Spending Impacts on the Reservation (2013-2017)

- **Supported an annual average of 158 jobs**
- **More than \$36 million in wages and salaries**
- **More than \$3.5 million impact on state and local taxes**
- **Increased sales activities by \$89.9 million**

*Source: *2018 Goss & Associates Economic Impact Data*



Ho-Chunk Village 2.0 will expand upon the Village Pointe subdivision. It will include modern housing, trails and green spaces.

Regional Impact

As Ho-Chunk, Inc. has grown, so has its economic impact – locally and across the tristate region of Nebraska, Iowa and South Dakota. Ho-Chunk, Inc. is now a leading regional employer and prominent developer of real estate and other capital projects.

This growth has contributed significant direct impacts, including labor income and state/local taxes, in addition to pass-through benefits from spending that ripple throughout the greater regional economy.

“Ho-Chunk, Inc. is transforming our community with investment in commercial space, historic revitalization and new construction.”

– Bob Scott,
Mayor of Sioux City, IA



- \$41.8m in Spending
- \$14.6m in Wages & Salaries
- 74 Jobs



Ho-Chunk, Inc. Spending, Wages, Salaries, and Employment (2013-2017)

**Source: 2018 Goss & Associates Economic Impact Data*

Impact of Federal Contracts

Ho-Chunk, Inc. employees work around the clock and globe to support the U.S. military and other federal agencies in contracts awarded through the U.S. Small Business Administration's 8(a) Business Development Program.

This program is essential to quality of life in the Winnebago community. Ho-Chunk, Inc. invests its growing contracting revenues into the Tribe's priorities of youth, education, jobs, housing and elders.

Ho-Chunk, Inc. was awarded its first federal government contract in 2003. Since then, the corporation's contracting divisions – All Native Group and Flatwater Group – have successfully leveraged past performance to expand into new contracting arenas. The largest percentage of Ho-Chunk, Inc.'s business today is in federal contracting.

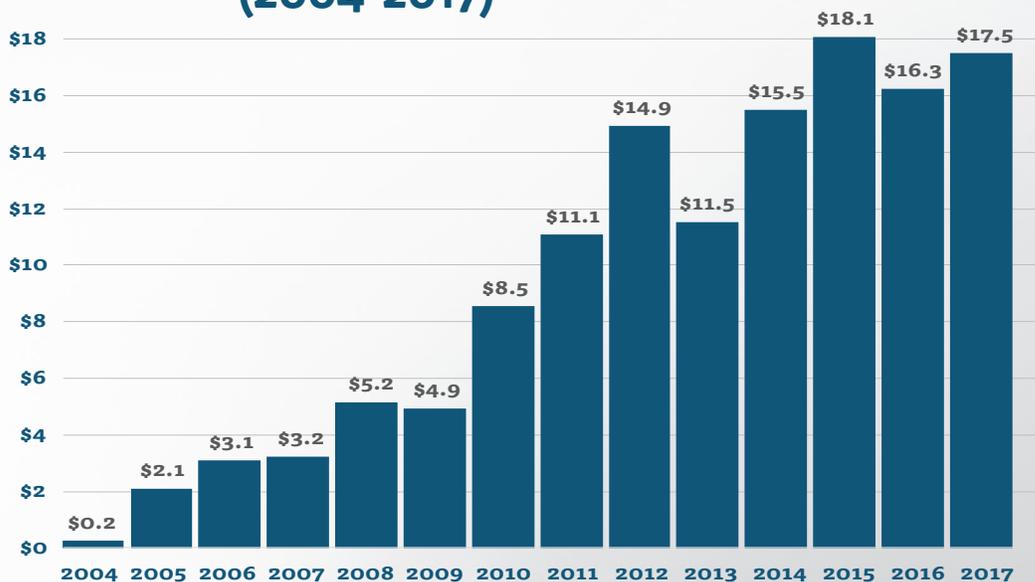
All Native Group and Flatwater Group each have subdivisions actively participating in the 8(a) program and holding HUBZone certifications. Flatwater Group subdivisions are also certified through the Buy Indian Program.

Growth in Awarded SBA 8(a) Contracts (2003-2017)

- \$0.74 million in 2003
- \$77.1 million yearly average
- \$127.1 million in 2017

Source: *2018 Goss & Associates Economic Impact Data

Ho-Chunk, Inc. SBA 8(a) Contracts Impact on State and Local Taxes (2004-2017)

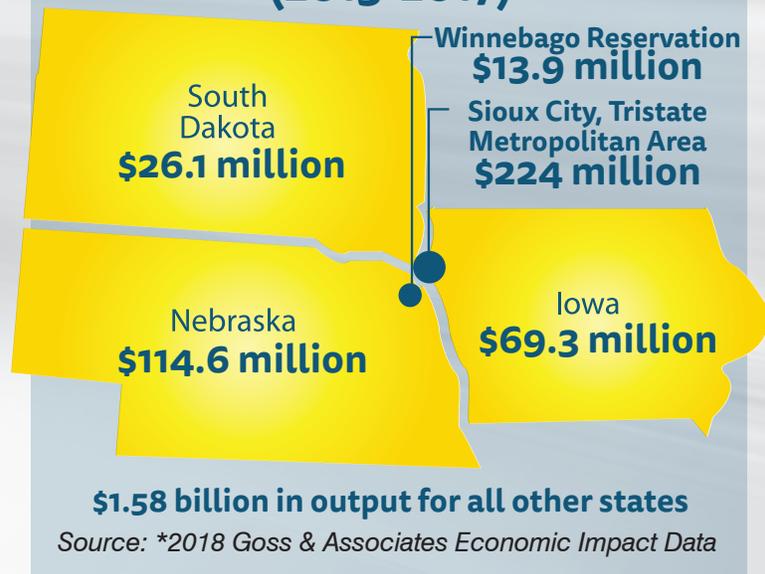


*Source: 2018 Goss & Associates Economic Impact Data

Ho-Chunk, Inc. Impact on Sioux City Metropolitan Area by Industry

2013-2017				
Industry	Output	Wages & Salaries	Employment	Gross Metro Product
Retail	\$6.56 M	\$3.07 M	157	\$4.7M
Construction	\$4.38 M	\$1.36 M	29	\$1.67 M
Real Estate	\$3.39 M	\$0.37 M	22	\$2.73 M
Wholesale	\$7.48 M	\$4.38 M	62	\$7.77 M
Healthcare	\$3.15 M	\$1.5 M	24	\$1.86 M
Finance	\$4.86 M	\$1.8 M	29	\$2.67 M
Other Industries	\$56.19 M	\$22.61 M	431	\$32.37 M

Ho-Chunk, Inc.'s SBA 8(a) Contracts' Impact on the Region (2013-2017)



HUBZone

SBA
8(a) Certified



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