College of Menominee Nation's $37 Million Impact on the Regional Economy

September 2011
About NorthStar Economics, Inc.

NorthStar Economics, Inc. (NorthStar) is an economic consulting and research firm located in the University Research Park’s Metro Innovation Center in Madison, Wisconsin. NorthStar has served a wide variety of clients in both the public and private sectors. One of the primary practices of NorthStar is the preparation of economic impact and feasibility studies. NorthStar’s work covers the spectrum from higher education to research facilities to special events and programs.

In addition to this study for CMN, NorthStar has completed economic impact studies for the University of Wisconsin-Madison, as well as the UW campuses at Oshkosh, Platteville and Stevens Point. The firm has also studied the economic impact of the entire University of Wisconsin System, as well as the system of public colleges and universities in the state of Kansas on behalf of Citizens for Higher Education. Outside the realm of higher education, NorthStar has analyzed the economic impact of Wisconsin Public Libraries, the construction industry in southeast Wisconsin, and, more specifically, the economic contribution of skilled apprenticeship programs. The firm has explored the feasibility of research incubators in southeast Iowa, Wisconsin Rapids, Marinette and Whitewater, as well as a commercial kitchen incubator in Racine, Wisconsin. NorthStar has analyzed the economic impact of trout fishing in the Driftless Area for Trout Unlimited, and the firm calculated the total economic impact of the 2004 PGA Championship in Kohler, Wisconsin.

Key personnel who participated in conducting this study include all three NorthStar principals: CEO and founder David J. Ward, Ph.D, President Bruce E. Siebold, Ed.D, and Vice President and Director of Operations Alan J. Hart, J.D. NorthStar’s former Vice President and Director of Research, Dennis K. Winters, M.S., conducted the primary economic analysis.
Acknowledgments

NorthStar Economics would like to thank the College of Menominee Nation for undertaking this comprehensive economic impact study. The support, assistance, and encouragement we received from the College's personnel were outstanding throughout the entire project. We thank the following individuals, who provided assistance with the project:

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Ph.D. and M.Ed., University of North Dakota; B.A., Silver Lake College; A.A.S. Milwaukee Institute of Technology.

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M.S. and B.A., University of Wisconsin Oshkosh

**Laurie A. Reiter, Chief Financial Officer**
B.S., University of Wisconsin-Green Bay

**F. Irene Kiefer, Advancement Director**
B.A., Indiana University, Bloomington

**Ron Jurgens, Director of Institutional Research**
M.P.A., University of Illinois-Springfield; B.S., UW-Green Bay

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Executive Summary

The College of Menominee Nation (CMN) contributes more than $37 million each year to the regional economy, while supporting 404 Wisconsin jobs and generating more than $833 thousand in state and local tax revenue.

CMN has two campuses: its main campus on the Menominee Reservation in Keshena, and an urban campus in metropolitan Green Bay. The economic impact of CMN comes from spending in the regional economy. The sources of related spending include operations, faculty, staff, students and visitors.

The total economic impact comes from two sources: the direct spending of faculty, staff, students, visitors and college operations; and indirect and induced spending, which results from direct spending cycling through the regional and state economy. The spending from businesses that benefit from the direct spending of faculty, staff, students, visitors and CMN operations creates additional indirect or induced economic activity that results in jobs and taxes generated within the state.

Direct spending in the state by CMN, its faculty, staff, students and visitors of nearly $16 million feeds the economic engine that, in turn, generates more than $21 million in indirect and induced spending. Economic impact has been calculated for the region consisting of the Menominee Reservation, and Brown and Shawano Counties.

The total economic impact of CMN is reported in Table ES-1 below:

Figure ES-1: Total Economic Impacts of the College of Menominee Nation

<table>
<thead>
<tr>
<th></th>
<th>Total Economic Impact</th>
<th>Wisconsin Jobs Created and Supported</th>
<th>Tax Revenue Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>$37,003,781</td>
<td>404</td>
<td>$833,189</td>
</tr>
<tr>
<td>Reservation</td>
<td>$25,902,646</td>
<td>283</td>
<td></td>
</tr>
</tbody>
</table>
The Economic Impact of the College of Menominee Nation

ANNUAL IMPACT ON THE REGIONAL ECONOMY

$37 Million

IN TOTAL ECONOMIC IMPACT

- $25.9 million on Menominee Reservation alone

404 Wisconsin jobs

CREATED AND SUPPORTED

- 283 on Menominee Reservation alone

$833,189

IN TAX REVENUE GENERATED
The purpose of this study is to measure the economic impact that the College of Menominee Nation (CMN) has on the Menominee Reservation and the regional economy. CMN's economic impact comes from spending on campus operations, as well as spending by faculty, staff, students and visitors. This spending, in turn, has an overall economic impact, creates jobs and generates tax revenue.

CMN was chartered by the Menominee People in 1993, and was authorized by the United States Congress in 1996 as one of only three land grant colleges in Wisconsin. Although open to all, roughly 80% of CMN's enrollment of more than 600 students is comprised of enrolled members of American Indian tribes or their descendants.

CMN operates two campuses. Its main campus is located in Keshena, Wisconsin, on the Menominee Reservation, adjacent to the historic Menominee Forest. In addition, there is an urban campus located in metropolitan Green Bay.

CMN activities primarily impact the economy of the region where the campuses are located. The analysis contained in this report measures the impact on the region consisting of the Menominee Reservation, and Brown and Shawano Counties, which contains both CMN campuses. CMN's impact on the Menominee Reservation alone has also been included in the analysis.
ECONOMIC IMPACT – COLLEGE OF MENOMINEE NATION

ECONOMIC CONTEXT
The Menominee Reservation ranks at or near the bottom among Wisconsin counties with respect to nearly all economic indicators. The Menominee Reservation has the highest level of unemployment in the state, as well as education and income levels well below the state and national averages. Shown in Figure 2 below are several indicators which reveal the difficult economic conditions prevalent on the Menominee Reservation.

Data maintained in the Census Bureau’s County Business Patterns database further illustrates the importance of the presence of an economic driver like CMN on the Reservation. CMN is one of only 15 business establishments on the entire Reservation. Due to the small number of establishments, specific data is not available (to preserve the privacy of the individual companies, only ranges are given). However, the importance of CMN is easily demonstrated. There is only one business establishment on the Reservation that employs more people than CMN employs. According to the database, between 500 and 999 people are employed on the Reservation, so the 159 people employed at CMN represent a significant percentage of the Reservation’s workforce. In addition, the quality of jobs and the stability of the College are very important in a region so challenged by hard economic conditions.

Figure 2: Select Economic and Demographic Data for the Menominee Reservation, Brown and Shawano counties, Wisconsin and the U.S.

<table>
<thead>
<tr>
<th></th>
<th>Menominee Reservation</th>
<th>Brown County</th>
<th>Shawano County</th>
<th>Wisconsin Average</th>
<th>U.S. Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment</td>
<td>16.8%</td>
<td>6.7%</td>
<td>8.7%</td>
<td>7.3%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Families Below Poverty Level</td>
<td>31.9%</td>
<td>7.1%</td>
<td>9.1%</td>
<td>7.2%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Bachelor’s Degree Attainment or Higher</td>
<td>10.4%</td>
<td>25.9%</td>
<td>13.8%</td>
<td>25.4%</td>
<td>27.5%</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$31,372</td>
<td>$52,535</td>
<td>$45,376</td>
<td>$51,569</td>
<td>$51,425</td>
</tr>
<tr>
<td>Median Home Value</td>
<td>$74,300</td>
<td>$157,600</td>
<td>$123,100</td>
<td>$166,100</td>
<td>$185,400</td>
</tr>
</tbody>
</table>

Sources: Unemployment (WI Department of Workforce Development, April 2011); All other indicators (U.S. Census Bureau, American Community Survey 2005-2009)

Programs of Study
The College of Menominee Nation offers a wide range of degree, certificate, and diploma programs.

During the 2009-2010 academic year, CMN offered the following programs of study:

Bachelor of Science Degree
- Early Childhood/Elementary Education

Certificates
- Criminal Justice
- Entrepreneurship
- Microcomputer Specialist

Diplomas
- Electrical Studies
- Office Technology
- Practical Nurse
- Sustainable Residential Building Systems
- Welding

Associate Degrees
- Accounting
- AODA Counselor (Applied Science)
- Biological and Physical Science
- Computer Science
- Early Childhood
- Liberal Studies – Humanities
- Liberal Studies – Social Science
- Mathematics
- Natural Resources
- Nursing (Applied Science)
- Public Administration
- Sustainable Development

Source: CMN Annual Report 2009-2010
THE TOTAL ECONOMIC IMPACT OF CMN

The economic impact of CMN comes from spending in the regional economy. Sources of related spending include operations, faculty, staff, students, and visitors.

The total economic impact of more than $37 million comes from two sources:

1. The direct spending of faculty, staff, visitors, students, and college operations. Direct spending supports local and state businesses and those businesses, in turn, employ workers and spend money in the state.

2. Indirect and induced spending results from direct spending cycling through the regional and state economy. Spending by businesses that benefit from the direct spending of faculty, staff, students, visitors and college operations creates additional indirect or induced economic activity that supports Wisconsin jobs and generates state and local tax revenue.

As shown in Figures 3 and 4, employees represent the largest contributor to CMN’s economic impact, with more than 37% of the total impact resulting from their spending. Institutional spending accounts for 27.2% of the total economic impact, while CMN student and visitor spending accounts for 26.4% and 9% respectively of the total impact.

### Revenue Sources

A guiding principle of CMN is “institutional stability and sustainability” achieved through “evidence-based decision-making.” CMN works to achieve this goal by remaining debt-free, assuring that programs and services are financially sustainable, and providing transparency in all of its financial operations. CMN revenue in 2009-2010 increased 10.75% over the previous fiscal year. CMN received its revenue from a variety of sources, as summarized below:

#### CMN Revenues 2010

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMN Revenue</td>
<td>$5,870,850</td>
</tr>
<tr>
<td>Bureau of Indian Affairs</td>
<td>$2,306,760</td>
</tr>
<tr>
<td>Menominee Indian Tribe WI</td>
<td>$61,501</td>
</tr>
<tr>
<td>Federal Grants</td>
<td>$4,670,606</td>
</tr>
<tr>
<td>State Grants</td>
<td>$933,929</td>
</tr>
<tr>
<td>Other Grants</td>
<td>$33,400</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$13,877,046</strong></td>
</tr>
</tbody>
</table>

#### Figure 3: CMN Total Economic Impact to the Region

<table>
<thead>
<tr>
<th>Contributor</th>
<th>Region Contribution</th>
<th>% Share</th>
<th>Reservation Contribution</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institution</td>
<td>$10,062,987</td>
<td>27.2%</td>
<td>$7,044,091</td>
<td>38.8%</td>
</tr>
<tr>
<td>Employees</td>
<td>$13,854,786</td>
<td>37.4%</td>
<td>$9,698,350</td>
<td>53.4%</td>
</tr>
<tr>
<td>Students</td>
<td>$9,767,648</td>
<td>26.4%</td>
<td>$6,837,353</td>
<td>26.4%</td>
</tr>
<tr>
<td>Visitors</td>
<td>$3,318,360</td>
<td>9%</td>
<td>$2,322,852</td>
<td>7.8%</td>
</tr>
<tr>
<td><strong>Total Contribution</strong></td>
<td><strong>$37,003,781</strong></td>
<td>100.0%</td>
<td><strong>$25,902,647</strong></td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding.
**THE DIRECT ECONOMIC IMPACT OF CMN**

CMN direct spending in the state economy amounts to nearly $16 million per year. The primary contributors of that spending are students, employees, visitors, and operations.

**CONTRIBUTOR SPENDING**

- Operations: $4,257,710
- Employees: $5,904,938
- Students: $4,317,902
- Visitors: $1,402,976

**TOTAL**: $15,883,525

**RECIPIENT**

- Private Business: $14,739,193
- Households: $52,797
- Not-for-Profits: $377,331
- Local Government: $714,204

**TOTAL**: $15,883,525

*Note: Totals may not sum due to rounding.*

**CMN Expenditures**

CMN closely monitors expenditures to assure a balanced budget at the end of each fiscal year. CMN spends money in several different categories, though operating expenses and expenses related to personnel and payroll represent the majority of CMN expenses, which are summarized below.

**CMN Expenditures 2010**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$4,902,914</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>$601,201</td>
</tr>
<tr>
<td>Student Tuition/Stipends</td>
<td>$206,432</td>
</tr>
<tr>
<td>Non-Faculty Salary/Wages</td>
<td>$4,204,509</td>
</tr>
<tr>
<td>Faculty Salary/Wages</td>
<td>$1,728,867</td>
</tr>
<tr>
<td>Fringe</td>
<td>$2,233,124</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$13,877,046</strong></td>
</tr>
</tbody>
</table>

*Source: CMN Annual Report 2009-2010*

**Grants and Gifts**

In addition to the economic impact calculated in this study, it is worth noting that the College of Menominee Nation draws significant grants and gifts that drive research and development.

Twenty-nine awards totaling more than $12.2 million aided the College in delivering innovative academic programs, student services, and economic development and community development in 2010-2011, and beginning plans for future facilities and programs.

State agencies partnering with the College made 10 awards in 2010-2011 totaling $1.8 million.

National, regional and family foundations awarded CMN projects more than $297,000 in the year.

$185,000 in support of projects, scholarships, new initiatives and general support of the College came from numerous organizations, corporations, families and individuals.

In sum, CMN received $14.5 million from these sources in the 2010-2011 academic year.
CMN’S IMPACT ON WISCONSIN JOBS

Spending by CMN, its employees, students, and visitors has a significant impact on Reservation and regional jobs. Jobs are created and supported by this spending in several ways:

- Faculty and staff are hired directly by CMN to teach, conduct research, provide public service, and perform a variety of administrative functions.
- Operational spending creates jobs in regional and state businesses.
- Employee spending creates jobs in the region and state.
- Student spending creates jobs in the region and state.
- Visitor spending creates jobs in the hospitality and related industries.

CMN’S TAX REVENUE IMPACT

Like many higher education institutions, CMN is a tax exempt organization. However, the economic activity of CMN, its staff, students, and visitors generates tax revenue from state income tax payments, sales tax payments and local property tax payments. Calculations have been adjusted to reflect the tax-exempt status of tribal employees who live on the Reservation. Tax revenue sources are shown in Figure 8 below.

CMN’s tax impact results from the college’s overall economic activity. CMN faculty and staff – including tribal members who live off the Reservation – pay state income taxes on their CMN earnings and other income. They pay sales taxes on many types of expenditures. Faculty and staff spending and CMN spending on operations generate jobs. Those jobs, in turn, generate income taxes, sales taxes and property tax payments. Student and visitor spending generates sales taxes. That spending, in turn, creates jobs, and spending from those jobs generates sales and income taxes. Overall, CMN economic activity generates more than $833,000 in state and local tax revenue.

Figure 7: CMN Impact on Jobs (Full-Time Equivalent)

<table>
<thead>
<tr>
<th>JOB GENERATOR</th>
<th>JOBS (Region)</th>
<th>JOBS (Reservation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational spending</td>
<td>87</td>
<td>61</td>
</tr>
<tr>
<td>Direct employees and employee spending</td>
<td>188</td>
<td>132</td>
</tr>
<tr>
<td>Student spending</td>
<td>89</td>
<td>62</td>
</tr>
<tr>
<td>Visitor spending</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>Construction/Capital Expenses</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Total Job Impact</td>
<td>404</td>
<td>283</td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding.

Figure 8: CMN Tax Revenue by Source

<table>
<thead>
<tr>
<th>TAX REVENUE SOURCE</th>
<th>TAX REVENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational expenditures</td>
<td>$180,737</td>
</tr>
<tr>
<td>Employee spending</td>
<td>$177,469</td>
</tr>
<tr>
<td>Student spending</td>
<td>$338,264</td>
</tr>
<tr>
<td>Visitor spending</td>
<td>$136,719</td>
</tr>
<tr>
<td>Total Tax Revenue</td>
<td>$833,189</td>
</tr>
</tbody>
</table>
Methodology
Impact calculations in this study are based upon 2010-2011 spending data provided by CMN. In some cases, data from CMN’s 2009-2010 annual report has been referenced to illustrate the economic context for the study.

In order to identify and estimate the total economic contribution that any organization or activity makes to the state or regional economy, it is necessary to look beyond the direct expenditures made by the organization itself. There is a “ripple effect” of the direct expenditures made for goods and services. Wages paid to workers are spent on housing, food, clothing, entertainment, and the like. By the same token, business revenues generated from supplying goods and services to CMN are paid out in wages, material and supply costs, capital equipment purchases and so on. This multiplier effect is accounted for both in terms of indirect effects of the direct spending, as well as induced effects (essentially, the further effects of the indirect effects) to calculate total economic impact.

The “multiplier effect” refers to the recurrent economic activity generated by an initial expenditure. For example, money spent directly on construction will cycle through the local economy again as wages to the tradesmen, purchases of construction materials such as lumber, tools and nails, gasoline for machinery and worker transportation. The initial wave of spending generates a second and third wave of spending, as wages paid and profits made on the direct construction spending spins through the economy in several cycles. Thus, the original direct expenditure yields a greater economic impact than just the money initially spent. Some money “leaks out” of the regional economy at each level as some spending is done outside the region (some goods purchased may originate in another state, for example). As a result, the subsequent spending cycles decrease in impact.

Tax withholding estimates and other leakages were subtracted from gross payroll figures to determine payroll expenditures that benefit the regional economy.

Economic multiplier models are the framework for analyzing economic impact. Derived mathematically, these models estimate the magnitude and distribution of economic impacts, and measure three types of effects: direct, indirect and induced changes within the economy. Direct effects are determined by the amount of the initial spending. Indirect effects are determined by the amount of the direct effect spent within the study region on supplies, services, labor and taxes. Finally, the induced effect measures the money that is re-spent in the study area as a result of spending from the indirect effect. Each of these steps recognizes an important leakage from the economic study region spent on purchases outside of the defined area.

SUMMARY
CMN has a total economic impact of $37 million. CMN-related spending supports businesses on the Reservation and throughout the state, creates jobs for state residents, and generates tax revenue for state and local governments.

The impact of the CMN on the Menominee Reservation is very important. It is one of a few business establishments on the Reservation and it directly employs over 150 people. In addition, CMN draws outside money, both federal and state, to the Reservation and the regional economy. Finally, CMN is engaged in important research and the building of human capital through college education which provides a foundation for future economic growth on the Reservation.

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Economic Impact</th>
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<td>Reservation</td>
<td>$25,902,646</td>
<td>283</td>
<td></td>
</tr>
</tbody>
</table>

Economic multipliers were purchased from the Minnesota IMPLAN Group, Inc. (IMPLAN). IMPLAN is the developer of the IMPLAN® economic impact modeling system, which is used to create complete, extremely detailed social accounting matrices and multiplier models of local economies. IMPLAN tools are in use by more than 1,000 public and private institutions.

Economic impact is calculated using the IMPLAN economic impact modeling system from the Minnesota IMPLAN Group (MIG). IMPLAN is used to create detailed social accounting matrices and multiplier models of local economies. MIG provides region-specific data to enable users to make in-depth examinations of state, multi-county, county, sub-county, and metropolitan regional economies. MIG has been developing complex localized databases, and distributing IMPLAN® software to public and private organizations since 1993.
College of Menominee Nation’s Impact on the Regional Economy