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The Statewide Impacts of Oklahoma Tribes

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Executive Summary

There are 38 federally recognized tribes within The State of Oklahoma whose jurisdictions cover three-fourths of the state formerly known as Indian Territory. According to the 2010 Census, these 38 tribes have nearly 483,000 citizens living and working within the state representing nearly 13% of statewide population. Their activities are based substantially in rural areas in a state that is continually urbanizing, providing necessary jobs for rural Oklahomans and services for tribal citizens.

Tribal operations within the state consist of primarily government provision of services, including health, education, youth, and senior services, operations of tribal-owned gaming centers, provision of professional services, and operations of retail centers. The Economic Research and Policy Institute reviewed the expenditures and revenues of seven tribes and the current production structure of the state economy to estimate the total contribution of all tribal activities to the state. Among the key findings of this report are:

- Oklahoma Tribes employed 53,747 individuals in 2010 of which 16,216 were employed in tribal governments and 37,531 were employed in tribal businesses.
- The Tribes made direct payroll contributions of \$1.5 billion to Oklahoma residents, or \$27,610 per employee.
- The Tribes made direct payments of \$792 million to Oklahoma entities in pursuit of medical care access, educational advancement, social services and economic development opportunities for tribal citizens.
- Tribal operations in Oklahoma, including gaming, professional services and other retail generated \$5.6 Billion in revenues – a significant source of direct economic output within the state.
- When analyzed in the context of the Oklahoma economy and accounting for spillover (multiplier) impacts, we estimate that these activities supported:
 - 87,174 full-time equivalent jobs in the state
 - \$2.5 billion in state income
 - \$10.8 billion in state production of goods and services

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Introduction

In 2011, the Oklahoma Department of Commerce (ODOC) in conjunction with Native American Tribes commissioned a study to estimate the Oklahoma statewide economic impact of all Native American operations. It was the desire of ODOC and the participating tribes to quantify the extent of tribal activities throughout the state and to provide a reasonable estimate of their importance to all Oklahoma stakeholders. This report serves as the first of its kind to apply a common methodology to primary data collected at the tribal level for all of the state's principal tribes. Future reports will benefit from the participation of more tribes in contributing primary data and further refining the estimates of statewide tribal contributions to economic activity. The Steven C. Agee Economic Research and Policy Institute (ERPI) at Oklahoma City University was retained to collect tribal data and estimate the statewide impact of tribal government and business activities. Upon completion of impact estimation, participant tribes were provided with estimates of their tribal specific impacts to be used at their discretion. Individual tribal data and impacts are intentionally absent in this report to protect the confidentiality of tribal participants.

Background

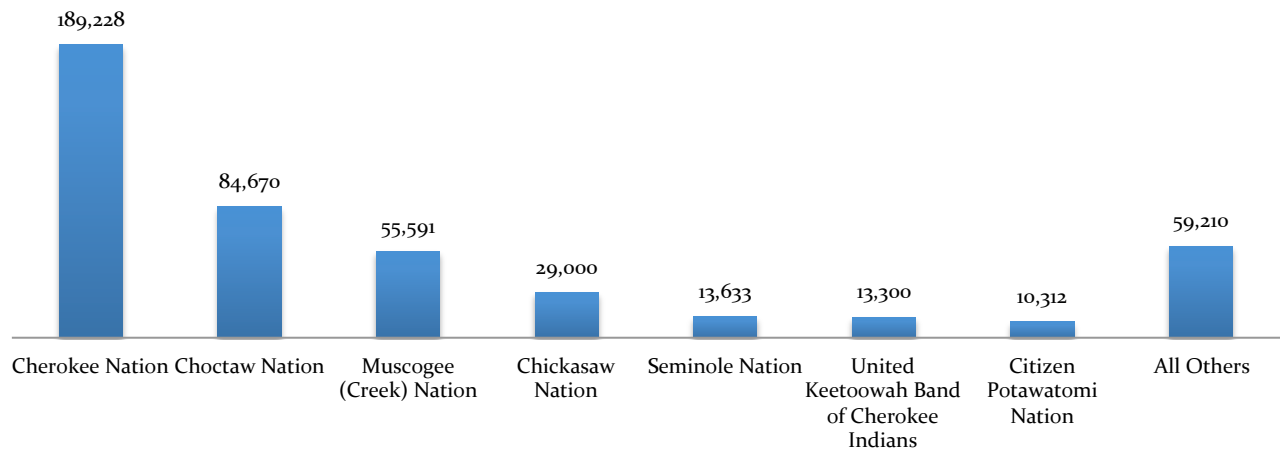
The State of Oklahoma was formed from the twin Territories of Oklahoma Territory in the west having been populated by land runs on public lands pursuant to the allotment of Indian lands by the Dawes Act of 1887 and "Indian Territory" in the east being sovereign Tribal Nations lands provided by the US as compensatory land in "Fee Simple" for their original lands east of the Mississippi pursuant to the Removal Act of 1830. These "Indian" lands constituted the vast majority of what is now the State of Oklahoma, which is a Choctaw word meaning "Redman".

Oklahoma has 38 federally recognized tribes with headquarters in the state (see Appendix 1 for complete list). According to the U.S. Census Bureau, in 2010 Oklahoma was second only to California in the share of Native Americans who resided within the state as 9.2% of census respondents identifying themselves as American Indian and Alaska Native alone or in combination with one or more other races¹. The Oklahoma Native American population grew to 482,760 in 2010 from 391,949 in 2000 and now represents nearly 13% of the state's total population of 3.75 million. From the Quapaw Tribe in the northeast

¹ See "The American Indian and Alaska Native Population: 2010," 2010 Census Briefs.

corner to the Cheyenne – Arapaho Tribes bordering the Texas Panhandle in the West to the Choctaw Nation in the southeast corner, tribal activities touch nearly every part of the state. There are seven tribes that had Oklahoma populations of more than 10,000 in 2011² as can be seen in Figure 1. Of the seven largest, five participated in this study.

Figure 1: Oklahoma Enrollment by Tribe

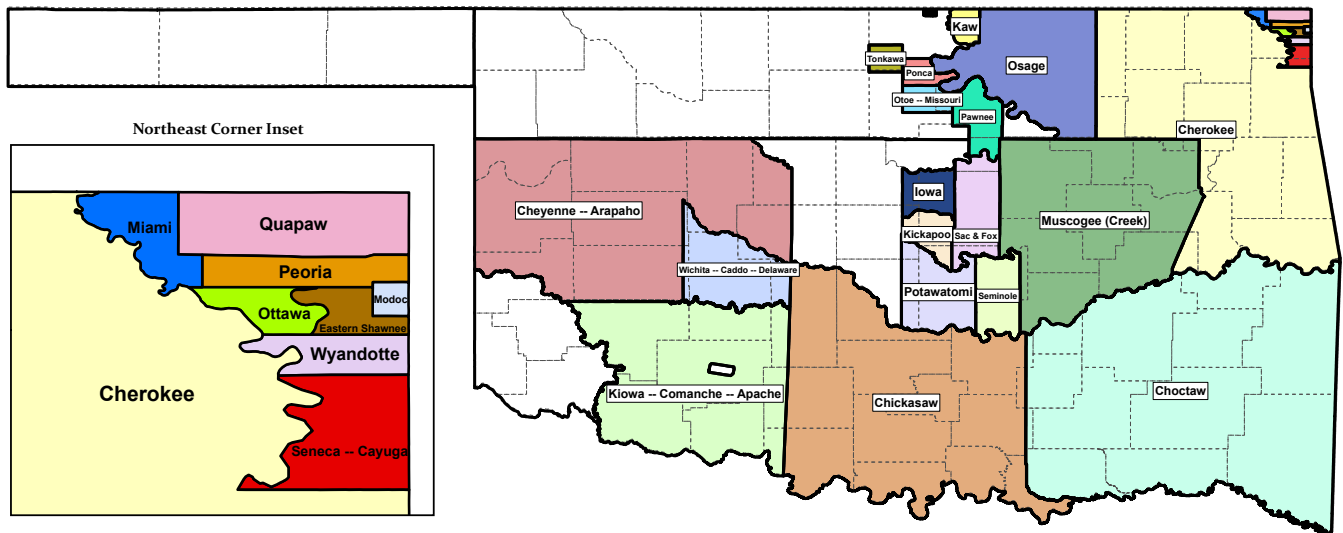


The United States Census Bureau created Tribal Statistical Areas throughout the United States in order to appropriately garner demographic information. These Tribal Statistical Areas generally delineate former reservation areas that were once occupied by Native American tribes prior to the Dawes Act. Oklahoma Tribal Statistical Areas (OTSA) provide operating boundaries for tribal activities and are thus used to allocate Indian Reservation Road (IRR) funds.

Tribes are sovereign nations and thus have the power to form a government, create legislation, define their enrollment, regulate property and activities, maintain order, levy taxes and regulate commerce. However, these powers only apply within the OTSA boundaries. Thus tribal governments are located and operate within these boundaries.

² Population numbers were self-reported in the 2011 Oklahoma Indian Nations Pocket Pictorial Directory. Total Oklahoma population from this source was 454,944 in 2011.

Figure 2: Oklahoma Tribal Jurisdictions



Tribal Data

In 2011, the ERPI senior research staff was provided with a list of tribal contacts for the majority of Oklahoma tribes and began contacting tribal representatives to solicit participation in the study. In an attempt to get the broadest participation possible, multiple invitations were extended to all tribes. After many months, the decision was made in conjunction with study sponsors to move forward using the data collected from tribes already participating. Certainly, the study would be improved by using a more comprehensive data set that included data from all 38 tribes. Every effort should be made to increase participation in future studies.

Data were collected from participating tribes, compiled, and then extrapolated to all Oklahoma tribes primarily on a per citizen basis. For gaming, existing gaming machine data allowed the calculation of gaming revenues, employment, and payroll on a per gaming machine basis. The tribes participating in this study, in alphabetical order, were the Cherokee Nation, Chickasaw Nation, Choctaw Nation, Citizen Potawatomi Nation, Muscogee (Creek) Nation, Peoria Tribe of Indians of Oklahoma, and the Shawnee Tribe.

Each participant tribe provided business and government data using a broad-based survey tool designed by ERPI staff. The tool was used to collect and categorize the data into broad categories that provide meaningful insight into tribal operations and best reflect the nature of their operations. Data collected included annual revenues from business operations, government expenditures on tribal administration and services (a proxy for output), payroll, and employment for government and business entities. Traditionally, studies of this nature incorporate data specific to one time period such as a specific quarter, month, or year, however, this study incorporates data from the years 2010 – 2012 to accommodate data availability. All observations are converted to 2011 values to maintain price level consistency. Once data collection was complete, it was compiled and the sample of tribal activities was created. From this sample estimates of statewide tribal activity were calculated and used as direct inputs into the impact model³. The estimates of statewide tribal activity are summarized in Table 1.

³ Due to the small number of participant tribes, it is likely that the variety of tribal activities is understated, however, this is unlikely to materially affect the final impacts.

Table 1: Estimated Oklahoma Tribal Statewide Summary Information

	Government Operations	Business Operations	Total
Employment	16,216	37,531	53,747
Payroll	\$547,166,847	\$936,763,748	\$1,483,930,595
Revenues		\$5,582,663,143	\$5,582,663,143
Gov't Expenditures	\$1,088,722,901		\$1,088,722,901
Federal Road Expenditures	\$64,735,933		\$64,735,933

Tribal Business Operations

Participant tribes reported all revenues, employment, and payroll from each of their business activities. These data were collected and placed into three primary categories: Gaming, Professional Services, and Other. The Gaming classification includes all casino operations and activity related to casinos such as casino hotels and resorts. The Professional Services category includes banking, consulting, and other business service activities. Any remaining business activity, largely consisting of retail operations including grocery and convenience stores, travel plazas, and smoke shops, were classified as “Other”. Once categorized, the data were summed across all participating tribes and used to estimate total statewide business activity. The participant totals are given in Table 2 below.

Table 2: Business Data from Sampled Tribes

	Revenues	Employment	Payroll
Gaming	\$2,741,664,732	18,272	\$469,524,646
Professional Services	\$177,002,144	1,684	\$25,246,803
Other (Retail)	\$437,501,187	2,769	\$63,257,158
Total	\$3,356,168,063	22,724	\$558,028,607

Using the sample data set, estimates of aggregate Native American business activity for the entire state were created. Statewide Gaming revenues, employment, and payroll were estimated using per gaming machine calculations of each from the tribal sample. While the participant tribes accounted for a significant portion of all gaming machines, non-participants accounted for 44% of the total. Based on the limited sample which included 5 of the 7 largest tribes in the state, we used per citizen calculations to estimate statewide revenues, employment, and payroll for other business activities. Statewide data estimates for revenues, employment, and payroll for all business activities are reported in Table 3.

Table 3: Estimated Statewide Business Data

	Revenues	Employment	Payroll
Gaming	\$4,872,015,566	32,469	\$834,358,540
Professional Services	\$177,002,144	1,684	\$25,246,803
Other (Retail)	\$533,645,433	3,377	\$77,158,405
Total	\$5,582,663,143	37,531	\$936,763,748

Tribal Government Operations

Tribal governments provide a variety of services for their citizens and community members - many of which reduce the burden on state funding for similar services. Healthcare expenditures are the largest category of spending undertaken by tribal governments. Partnering with the federal Indian Health Service (IHS), tribal health facilities provide an array of health programs for citizens including preventive care, cancer screenings, elder care, chemical dependency programs, behavioral healthcare, dental care, and emergency health services. These programs serve to ensure a healthier population and reduce the financial and physical burden on Oklahoma healthcare facilities. Total medical expenditures for the study sample were \$287.6 million resulting in the employment of 4,853 workers who received \$163.7 million in compensation and benefits.

We classified all other government expenditures as Education, Social Services, Economic Development and General Operations expenditures. Additionally, we included all federal dollars allocated for Oklahoma road and bridge improvement from the Indian Reservation Road (IRR) program as government expenditures. The IRR program will be discussed in greater detail subsequently. Expenditures on all government categories, including the Indian Reservation Road program, by our sample respondents is detailed in Table 4.

Table 4: Government Data from Sampled Tribes

	Expenditures	Employment	Payroll
Education	\$49,228,167	802	\$28,045,213
Medical	\$287,587,567	4,853	\$163,653,458
Social Services	\$135,564,229	2,351	\$79,680,604
Economic Development	\$177,088,217	2,275	\$78,474,489
General Operations	\$190,032,145	3,013	\$98,732,752
IRR Expenditures	\$34,330,431		
Total	\$873,830,755	13,294	\$448,586,515

Using techniques described earlier in the report, we estimate that all tribes statewide spent nearly \$1.1 billion operating tribal governments and providing essential services while employing 16,216 workers and paying over \$547 million in compensation and benefits during the study period. Estimated statewide government expenditures, employment, and payroll are reported in Table 5 below.

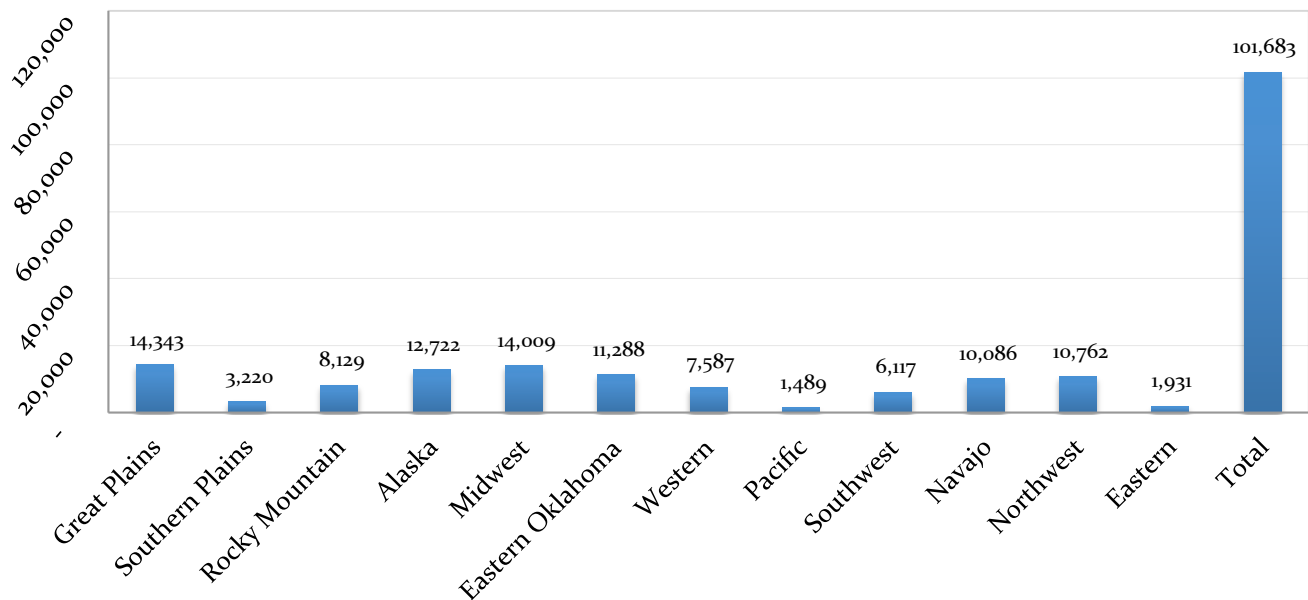
Table 5: Estimated Statewide Government Expenditure Data

	Expenditures	Employment	Payroll
Education	\$60,046,435	978	\$33,993,470
Medical	\$350,787,143	5,920	\$199,640,316
Social Services	\$165,355,509	2,868	\$97,113,523
Economic Development	\$216,004,713	2,775	\$95,345,829
General Operations	\$231,793,169	3,675	\$121,073,709
IRR Expenditures	\$64,735,933		
Total	\$1,088,722,901	16,216	\$547,166,847

Indian Reservation Road Program

The Indian Reservation Road (IRR) program provides funding for the planning, design, construction and maintenance for public roads to and within Indian tribal reservations, Indian trust land, Restricted Indian land, and Alaska native villages⁴. Managed jointly by the Bureau of Indian Affairs (BIA) and the Federal Highway Administration's Federal Lands Highway Office, the program provides funding to the twelve BIA regions throughout the country. Oklahoma tribes fall under the jurisdiction of the Southern Plains Region and the Eastern Oklahoma Region.

Figure 3: IRR Roadway Miles by Region



In 2007, the Southern Plains Region managed 3,219.9 road miles throughout Kansas, Western Oklahoma, and Texas while the Eastern Oklahoma Region managed 11,288 road miles throughout Eastern Oklahoma. The program managed nearly 102 thousand roadway miles nationwide⁵. In 2012, \$64,735,933 in funding was sent to federally recognized Oklahoma Tribes with \$72,643,341 being allocated for 2013. IRR expenditures provide significant economic benefits as well as infrastructure benefits.

⁴ For more information on the IRR program, visit the Federal Highway Administration website at <http://flh.fhwa.dot.gov/programs/irr/>.

⁵ See "Indian Reservation Roads Program Comprehensive Inventory Report, Office of Federal Lands Highway, January 2008.

Impact Methodology

The methodology employed in this report is designed to estimate the contribution of existing activities to the local economy⁶. The approach begins with a static description of expenditure flows between households and industries, capturing the reliance of one industry's output on other, supporting industries. For example, by examining the expenditures from the construction industry to the wholesale lumber industry we can derive an estimate of the reliance of the construction sector on wholesale lumber output. From these frozen-in-time expenditure flows, we can derive economic multipliers specific to each industry. These multipliers estimate the combined, or total economic impact originating from an initial expenditure. In the context of this report, for example, the gaming and recreation output multiplier estimates the total impact to economic output stemming from an initial output change within the gaming sector. This methodology is also used for estimating the contribution of government activities. Similarly, multipliers for employment and income are derived and interpreted.

This approach is valuable as it provides rich information at a relatively low computational cost. However, the methodology does invoke some restrictive assumptions, including constant prices and a fixed production process, and should not be confused with a computationally higher cost economic forecast.

Data were gathered, categorized, and statewide tribal activity was estimated for all Oklahoma federally recognized tribes as outlined within the Tribal Data section above. Using statewide estimates for government, business and IRR activities, Implan industry and government multipliers for output, employment, and payroll were used to estimate the total impacts of all activities per annum.

⁶ In fact, while reports of this nature are commonly referred to as 'impact analysis', they are more correctly characterized as 'contribution analyses.'

Impacts

Economic impacts are estimated for three categories: output (total production within a region), income, and employment. Using the estimated statewide tribal data set, impacts were calculated using Implan multipliers for the state of Oklahoma⁷. All impacts include both the direct impacts from tribal operations and multiplier impacts, which, when summed, give the total impacts for the state. For example, tribal revenues from business operations combined with expenditures from in-state government operations and community development are estimated to have generated nearly \$6.7 billion in output (this is the direct contribution to the local economy), and an additional \$4.1 billion in spillover production (the output of non-tribal firms who directly or indirectly support tribal operations), combining to generate \$10.8 billion in statewide economic output. This \$10.8 billion in production represents 7% of the \$148 billion in Oklahoma production reported by the Bureau of Economic Analysis for 2010. All other impacts are interpreted analogously. Summary statewide impacts are reported in Table 6. Detailed impact tables are presented in Appendix 2.

Table 6: Summary Impacts

	Direct ⁸	Multiplier Effect	Total
Output	\$6,671,386,045	\$4,123,465,173	\$10,794,851,218
Employment	54,400	32,774	87,174
Payroll	\$1,507,026,511	\$987,590,996	\$2,494,617,507

⁷ Implan is a national vendor of economic multipliers. Refer to the Minnesota Implan Group and www.implan.com for additional information. When necessary, multipliers are adjusted to reflect local knowledge of economic conditions.

⁸ Direct impacts include expenditures related to the Indian Reservation Road program.

Conclusion

Native American tribes are historically and culturally woven into the fabric of the State of Oklahoma. Some are native to the state and the rest have called Oklahoma home since the mid 1800s. Once living on reservations, today the tribes provide cultural and physical significance to their statistical areas through essential services for citizens and businesses providing jobs to citizens and non-citizens alike. Their efforts ease the burden of state provisioned services and provide economic opportunities and growth. While their business activities are fueled largely by gaming, the tribes are diversifying into other activities such as professional services. As businesses come and go in Oklahoma, the tribes are rooted in the state and are likely to maintain a constant business presence partnering with the state in long term growth.

In the current era, the tribes supply significant economic activity which we estimate at around \$10.8 billion. Given our small sample size, it is difficult to determine their true impacts with precision. Based on our methodology, their true impacts are as likely to be understated as they are overstated. Future studies would benefit from broader tribal participation leading to better estimates of direct economic activity yielding more precise estimates of their total impact.

Reference

Foreman, Grant, 1932. "Indian Removal," University of Oklahoma Press.

Appendix 1: Oklahoma Federally Recognized Tribes

Absentee-Shawnee Tribe of Indians of Oklahoma	Miami Tribe of Oklahoma
Alabama-Quassarte Tribal Town	Modoc Tribe of Oklahoma
Apache Tribe of Oklahoma	Muscogee (Creek) Nation *
Caddo Nation of Oklahoma	Osage Nation
Cherokee Nation *	Otoe-Missouria Tribe of Indians
Cheyenne and Arapaho Tribes	Ottawa Tribe of Oklahoma
Chickasaw Nation *	Pawnee Nation of Oklahoma
Choctaw Nation of Oklahoma *	Peoria Tribe of Indians of Oklahoma *
Citizen Potawatomi Nation *	Ponca Tribe of Indians of Oklahoma
Comanche Nation	Quapaw Tribe of Indians
Delaware Nation	Sac & Fox Nation
Delaware Tribe of Indians	Seminole Nation of Oklahoma
Eastern Shawnee Tribe of Oklahoma	Seneca-Cayuga Tribe of Oklahoma
Fort Sill Apache Tribe of Oklahoma	Shawnee Tribe *
Iowa Tribe of Oklahoma	Thlopthlocco Tribal Town
Kaw Nation	Tonkawa Tribe of Indians of Oklahoma
Kialegee Tribal Town	United Keetoowah Band of Cherokee Indians in Oklahoma
Kickapoo Tribe of Oklahoma	Wichita and Affiliated Tribes
Kiowa Indian Tribe of Oklahoma	Wyandotte Nation

Appendix 2: Detailed Impact Tables

Table 7: Output Impacts

	Direct	Multiplier Effect	Total
Business			
Gaming	\$4,872,015,566	\$2,754,870,757	\$7,626,886,323
Banking	\$35,158,781	\$24,182,533	\$59,341,314
Professional Services	\$141,843,363	\$105,368,198	\$247,211,562
Industrial (Retail)	\$533,645,433	\$378,785,372	\$912,430,805
Government			
Education	\$60,046,435	\$37,364,936	\$97,411,371
Medical	\$350,787,143	\$258,311,911	\$609,099,054
Social Services	\$165,355,509	\$128,004,351	\$293,359,860
Economic Development	\$216,004,713	\$187,017,752	\$403,022,465
Government Operations	\$231,793,169	\$200,687,461	\$432,480,630
Road Expenditures	\$64,735,933	\$48,871,901	\$113,607,834
Total Output Impacts	\$6,671,386,045	\$4,123,465,173	\$10,794,851,218

Table 8: Employment Impacts

	Direct	Multiplier Effect	Total
Business			
Gaming	32,469	13,600	46,069
Banking	246	475	721
Professional Services	1,438	934	2,372
Industrial (Retail)	3,377	999	4,376
Government			
Education	978	331	1,310
Medical	5,920	4,939	10,858
Social Services	2,868	753	3,620
Economic Development	2,775	4,461	7,237
Government Operations	3,675	5,908	9,583
Road Expenditures	653	375	1,028
Total Employment Impacts	54,400	32,774	87,174

Table 9: Payroll Impacts

	Direct	Multiplier Effect	Total
Business			
Gaming	\$834,358,540	\$536,224,507	\$1,370,583,047
Banking	\$11,831,604	\$16,228,635	\$28,060,240
Professional Services	\$13,415,198	\$6,099,454	\$19,514,653
Industrial (Retail)	\$77,158,405	\$30,167,551	\$107,325,956
Government			
Education	\$33,993,470	\$13,704,928	\$47,698,398
Medical	\$199,640,316	\$80,890,554	\$280,530,871
Social Services	\$97,113,523	\$42,402,659	\$139,516,182
Economic Development	\$95,345,829	\$108,643,592	\$203,989,422
Government Operations	\$121,073,709	\$137,959,706	\$259,033,415
Road Expenditures	\$23,095,916	\$15,269,409	\$38,365,325
Total Payroll Impacts	\$1,507,026,511	\$987,590,996	\$2,494,617,507