



### Promoting Self-Sufficiency and Self-Determination

The contracting status offered by the 8(a) Program is based on the trust and statutory relationship between Native Americans and the Federal Government. The Federal Government has an obligation to foster self-sufficiency and economic development in Native communities. Congress amended the Alaska Native Claims Settlement Act (ANCSA) to help Alaska Natives overcome barriers to economic development in rural Alaska by making Alaska Native Corporations eligible to participate in the 8(a) Program – making it clear that the Government had an obligation to promote a long-term revenue stream – *this is an integral part of the original ANCSA economic settlement.*

### Community Benefits

In 2004, Alaska Native corporations (ANCs) paid over \$27 million in dividends to Native shareholders and donated \$4.9 million for cultural and social programs. Nationwide, Federal contracting by Alaska Native corporations created almost 28,000 jobs. Other community benefits include:

- Subsistence Programs
- Land Leasing and Gifting
- Job Opportunities
- Employment Assistance
- Scholarships
- Management Training
- Internships and Youth Programs
- Support of Non-Profits
- Burial Assistance
- Elder Benefits



### Lifting an Entire Community

ANCs and Tribes benefit entire communities and regions of economically and socially disadvantaged people, as recognized by law, whereas in an individually owned 8(a), the owners retain all benefit.

### Delivering Quality Service

Contracts have gotten larger and it is often necessary to put together a team of experts to deliver quality services. ANCs and Tribes leverage their resources to deliver top-quality results. SBA regulations require *all* small businesses, not just tribally-owned businesses or ANCs, to perform at least 51% of service work. When a project requires additional resources, we will subcontract work to other companies, including other minority organizations, 8(a) businesses and large corporations. This practice is not exclusive to ANCs and Tribes, and in fact, many companies – both large and small – do the very same thing.

### The Best Value

Sole source procurements are one tool, of many, a Contracting Officer may employ to ensure the Federal Government is getting the best value for the taxpayer. The Contracting Officer receives a detailed technical and cost proposal from the contractor that outlines exactly what materials, employees, equipment, and other costs are associated with the job. The potential customer will then negotiate, in detail, with the contractor about pricing, G&A, and the fee for the contract. The costs associated with sole source contracts are transparent; there are no surprises for the customer or the contractor.

# KEY POINTS



## Fostering Native Business

Government contracting is a complex and competitive industry. ANCs and Tribes are learning to compete with well-established firms in the Government market place. Our businesses hire the best, most qualified people to do the job. It's just good business. ANCs and Tribes compensate their executives commensurate with their experience and expertise. ANCs and Tribes are committed to tribal member/shareholder development. We achieve this goal through internships, job training, scholarship and management trainee programs.

## The 8(a) Program is Efficient and Cost Effective

ANCs and Tribes provide the Government with a legal contracting option that is efficient and cost effective while permitting the Government to achieve its policy of supporting disadvantaged and small businesses and providing benefits to some of the poorest, most underemployed people in America.

## Native 8(a) is Working

The growth of ANCs and Tribes indicate the Native 8(a) Program is working. Corporate growth is a natural business cycle; those that started in the Program first are more established and seasoned. While we are all competitors, we have a cultural obligation to one another to work together, partner, and help grow those that are just entering this market place.



## ANC 8(a) Businesses are a Sliver of the Federal Contracting Pie

In the three-year period, FY 2001 - FY 2003, the total Federal contract awards were \$775.5 billion. Of that, \$23.9 billion, approximately three percent (3%), was awarded to 8(a) companies. For this period, Native Americans received only 0.2% of Federal contract awards.

Source: Eagle Eye.

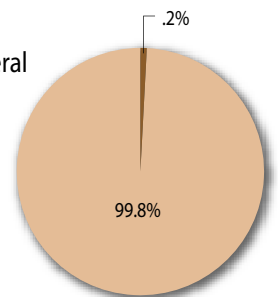
In the three-year period, FY 2001 - FY 2003, the Federal government awarded nearly \$24 billion in contracts to 5,439 8(a) firms. Of that, approximately \$1.4 billion, or 6.22%, was awarded to Native Americans. Other 8(a) firms received 93.78% of the 8(a) awards during this time period.

Source: Eagle Eye.

### Contracting Data

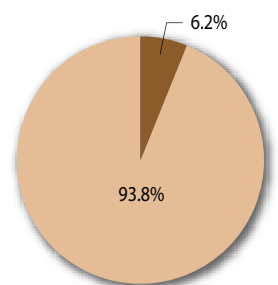
Native Share of Federal Contracting Dollars

- Native 8(a) Awards
- Other Awards

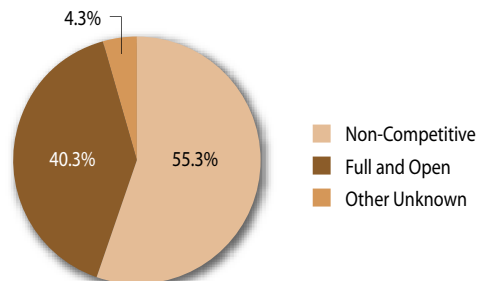


Native 8(a) Awards

- Native 8(a) Awards
- Other Awards



### Competition in Perspective Top 20 DOD Contractors '93-'03





## Cultural, Social and Economic Benefits of Government Contracting and the 8(a) Program for Alaska Natives and the Economy

The following results are combined figures for the thirteen regional ANCSA Corporations and two Village ANCSA Corporations, Alutiiq and Chenega, which are significant participants in Government contracting.\*

### Cultural, Social and Economic Benefits to Alaska Natives

Total Number of Current Shareholders <sup>1</sup>	95,998
Dividend Income to Shareholders for 2004 Attributed to Federal Contracts <sup>2</sup>	\$ 27,144,119
2004 Donations to Cultural / Social Program Support for Native Community	\$ 4,859,937
2004 Donations to Non-Native Community for Social Program Support	\$ 540,410
Other Shareholder Programs Funded in 2004 <sup>3</sup>	\$ 1,225,081
Scholarship Funds Awarded from 1999-2004 to Alaska Natives	\$ 14,270,581

### 2004 Economic Impact on the State of Alaska

ANCSA Corporation Payroll within State of Alaska for 8(a) Businesses	\$ 141,101,967
Total Number of Employees within State of Alaska	7,747
Total Number of Native Shareholder Employees	2,116

### Economic Impact on the United States

Total Number of Employees 2004	27,822
Total Number of Contracts in 2004	656
States Currently Operating In 2004	49 States and U.S. Territories
2004 Contract Revenues <sup>4</sup>	\$ 2,440,529,312

\* These figures are based on self-disclosures by the 13 ANCSA regional corporations and two village corporations.

<sup>1</sup> The number of shareholders were determined in 1971 but each regional corporation has the discretion to add shareholders born after 1971. Also, the number of shareholders consistently grows over time. Although there is generally not a substantial increase from each year to another, as shareholders "will" and "gift" their shares to their descendants the number of shareholders increases.

<sup>2</sup> Each ANCSA corporation distributes its profits to its shareholders, which is determined by the Native Board of Directors. There is a wide variety in distributions. For example, one village corporation was able to distribute \$8.7 million in dividends to 640 shareholders, while a regional corporation who is just beginning in Government contracting was unable to distribute a dividend to its 6,000 shareholders in 2004.

<sup>3</sup> Does not include Permanent Fund or Akilista Fund Programs valued at \$81.6 Million.

<sup>4</sup> Data represents revenues from all types of government contracts, including, but not limited to: 8(a) and Full and Open awards.



Alaska Native corporations (ANCs) and Tribes participation in the 8(a) Program is a component of meeting the Federal Government's trust responsibility to provide for a sustainable Native economy as required by treaties, the Constitution, statutes, and court cases.

The Small Business Administration (SBA) 8(a) Business Development Program was enacted in 1958 to help small disadvantaged businesses compete in the American economy, and more specifically, in the Federal contracting arena. To qualify for this Program, a firm must be a small business, unconditionally owned and controlled by one or more socially and economically disadvantaged individuals, and demonstrate a potential for success.

Under the SBA's 8(a) Program, a small disadvantaged business is defined as one that is at least 51% owned by one or more individuals who are both socially and economically disadvantaged.

A Federal agency can award a contract to an 8(a) company without competition if it meets certain criteria. Congress made a distinction because unlike other minority or disadvantaged-owned businesses where profits generally go to one individual or one family, the profits from ANCs and Tribes are shared by hundreds - sometimes even thousands - of tribal members or Native shareholders.



Section 8(a) *does not* give an advantage to an unqualified or under-qualified company, nor does the 8(a) Program guarantee a contract; it only makes ANCs and Tribes *eligible* for a contract. For any 8(a) company, participation is limited to 9 years maximum, during which there is a required phase-in of competitive work. The 8(a) Program provides an incubation period enabling these companies to enter the marketplace and demonstrate the ability to perform; after that, they are on their own.

The 8(a) provisions have enhanced the effect of ANCSA, namely making government contract opportunities available to qualified ANCs as part of the settlement.

ANCSA's and Tribes' annual revenues, ability to pay dividends, provide scholarships, support cultural programs, and create job opportunities for our tribal members, shareholders, and their families is an indication of the success of ANCSA and the 8(a) Program - Federal Indian policies that work.





## Alaska Native People

Iñupiat, Yup'ik, Cup'ik, Siberian Yupik, Tlingit, Haida, Tsimshian, Eyak, Athabaskan, Aleut, and Alutiiq. We are Alaska Natives, the indigenous people of Alaska. Our people have inhabited our traditional lands for over 10,000 years. Today, there are approximately 120,000 Alaska Natives and more than 230 Alaska Native Villages. Many of our people reside in their traditional rural Native villages, living a subsistence lifestyle and maintaining our cultural traditions.

## Alaska Native Land Claims

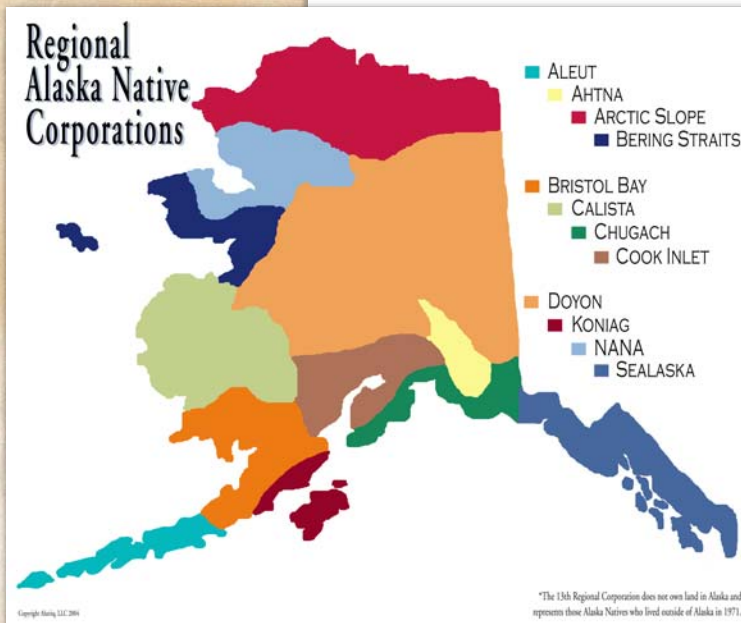
In the history of the United States, Native Americans are the only group to have our aboriginal lands, cultures, economies, rights, institution, and sovereignty appropriated, converted and/or extinguished.

The Alaska Statehood Act passed in 1959, failed to protect or preserve Alaska Native land. In response, Alaska Natives formed the Alaska Federation of Natives (AFN) in 1966 to pursue our Native land claims. AFN's efforts resulted in a land freeze in 1966: there would be no more transfers of land to the State of Alaska until Native land claims were resolved.

Oil was discovered at Prudhoe Bay in 1968, resulting in plans to build the 800-mile long Trans-Alaska pipeline. Alaska had to settle our Native land claims prior to the commencement of the pipeline construction and any oil development. On December 18, 1971, the Alaska Native Claims Settlement Act (ANCSA) was signed into law (P.L. 92-203).

ANCSA was a unique settlement for Alaska's Native people – a statutory treaty between the United States Government and Alaska's Natives. Never before, had Native Americans received independence in land, social, and economic affairs management. ANCSA's stated goal and premise was Native American self-determination through full-scale participation in the traditional American economic model. The stated goal of these social enterprises, called Alaska Native corporations, was to build economic self-sufficiency while addressing the social and cultural needs of our people. This hybrid was a striking difference to the Federal Indian policy of Lower 48 reservations and oversight by the Bureau of Indian Affairs, which at that time was viewed as a failure.

ANCSA divided the State of Alaska into regions whose boundaries were naturally formed to respect and represent the indigenous people's heritage. Alaska Natives alive on December 18, 1971 were given 100 shares in one village corporation and one regional corporation based on their geographical and cultural ties. Native corporation stock is inalienable; it cannot be bought, sold, or traded. Shareholders are bound to their Native corporations' successes or failures. At the time of the establishment of the 13 regional corporations and over 200 village corporations, \$962.5 million in compensation and 44 million acres of land – a fraction of their traditional land claim – were shared with Alaska Natives. Over the last 35 years, our Native corporations have become a component of our indigenous identity; they are part of our history, culture, and our children's future.





## ANCSA and the 8(a) Program

As ANCSA implementation began, it became increasingly evident that Alaska Natives were not well-positioned to operate in the corporate structure. This was due, in large part, because of the rural and very remote nature of Alaska. The lack of economic development opportunities and basic infrastructure in the Native villages made it virtually impossible for Native corporations to generate economic progress without assistance. In response, as it does with many public laws, Congress amended ANCSA to make its stated purposes and vision attainable.

In response Congress voted to amend ANCSA in 1988, and again in 1992, making it clear that positioning Alaska Native Corporations for government contracts through the 8(a) Program *was an integral part of the original ANCSA economic settlement.*

The 397-9 vote in the House and voice vote in the Senate further recognized that Alaska Natives exchanged their traditional land claims for economic opportunities. This amendment clearly indicates that Native corporations are classified as economically disadvantaged *because* our shareholders, Alaska Natives are, *in fact*, economically disadvantaged.

