



## Government Contracting: A Viable Option for Economic Diversification and Strategic Growth

by Kip Ritchie

Economic self-determination, strong revenue growth and benefits for members – for many tribes, the gaming industry has been a financial savior. The nearly \$30 billion gaming industry employs approximately 600,000 individuals. Impressive figures to be sure, but is that growth sustainable?

Far to our north, Alaska Native Corporations (ANCs) have blazed a trail into the world of government contracting – and they are succeeding. Their success stems from their involvement in the U.S. Small Business Administration's 8(a) program. The 8(a) program holds opportunity for many tribes to secure federal government contracts. It needs our collective attention now, however, because some in Congress are threatening to restrict the program. It could be an opportunity lost if we don't act immediately.

The 8(a) program was created by Congress in 1958 to allow small, disadvantaged businesses the opportunity to gain access to federal contracts. In 1986, the program was expanded to include Alaska Native Corporations, tribes and Native Hawaiian Organizations. The program is complicated and it has taken decades for some Alaska Native Corporations and tribes to capitalize on the benefits of the 8(a) program, and only now are they beginning to see the fruits of their labor.

Some ANCs are landing government contracts both nationally and internationally. Of the top 49 businesses in Alaska, the top five are ANCs. Of the total revenue generated by the 49 companies on the list, ANCs accounted for 71 percent. ANCs are owned by Native members, or "shareholders" as they were termed by Congress. Like many of our tribes, they come from some of the poorest communities in America. Most of these villages are geographically isolated and can only be accessed by airplane, boat or snowmobile. Unemployment is upward of 70 percent, and job opportunities are scarce. It's not uncommon for residents to pay \$6 for a gallon gas \$5 for a gallon of milk. Many communities have inadequate water and sewer systems. These people are starting to benefit from success of the 8(a) program through increased scholarships, job training programs, cultural and social program support. Yet a vocal minority in Congress argues against the program. As Native Americans, it's time to step in and let our collective voice be heard.

Several tribes – like the Winnebago of Nebraska, Chickasaw, Mississippi Choctaw and Salish and Kootenai

– are also experiencing tremendous success in government contracting, diversifying their businesses, employing thousands across the U.S. and other countries. They are benefiting their tribal members through community infrastructure, jobs, health care, law enforcement and other services.

Even with these successes, the 8(a) program has been under-utilized by tribes. The federal government spends about \$430 billion a year contracting for services. Native 8(a) contracts constitutes less than 1 percent of those dollars. Government contracting should be part of our economic diversification and long-term strategic growth.

Yet just when the 8(a) program is starting to show real promise, some members of Congress are threatening to restrict it. In July, Sen. Clair McCaskill, D-Mo., held a hearing during which she alleged the program lacked proper oversight and accused ANCs of finding loopholes to take unfair advantage of the program. It caught not only the attention of the ANCs, but of the Native American Contractor's Association (NACA), a national Native organization that advocates for the rights of tribes, ANCs, and Native Hawaiian Organizations in government contracting. ([www.nativecontractors.org](http://www.nativecontractors.org))

"We were not only offended by the congressional hearing, but by Sen. McCaskill herself," said Lance Morgan, NACA's chairman and CEO of Ho-Chunk, Inc., the government contracting arm of the Winnebago Tribe of Nebraska. Morgan said McCaskill used her Twitter account to send out a message complaining about ANCs doing work in Virginia.

"It was like she was saying, 'What are you doing off the reservation?'" Morgan said during a presentation on economic development before the National Congress of American Indians annual conference in Palm Springs, California. "It's like saying, 'White people can't work outside the suburbs.' The Senator appears to have some disturbing views about Native Americans, not to mention some misconceptions about the intent of the 8(a) program."

Mere days after the hearing, Senator McCaskill slipped an amendment into a must pass bill that would have killed Tribal, Alaska Native, and Native Hawaiian participation in 8(a). McCaskill is not the only one in Congress questioning the program and threatening to restrict it. For several years ANCs, tribes, and Native Hawaiians have been advocating for our rights in government contracting

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and 8(a). We have successfully stopped every attempt to alter Native 8(a)s, but we need your help.

We are not strangers to political fights. Tribal gaming has always been under attack. As states look to fill budget gaps, they are seeking to introduce state-sanctioned gaming as a way to fill these holes. This is an encroachment on our gaming business and certainly makes the case for diversifying and building a sustained economic development effort.

NACA is the primary organization engaged with the policy makers in Washington, D.C. The association works exclusively to protect our rights, maintain the SBA 8(a) program as we strive to reach economic self-sufficiency and diversify our Native economies. Gaming tribes can participate and have a voice in the debate. We must always be vigilant in protecting the unique relationship tribes have with the federal government.

NACA Executive Director Sarah Lukin made an impassioned statement at the Congressional hearing in July. "Native Americans have suffered from the loss of our land, economic assets and culture," she said. "But remarkably, there are signs of hope and examples of tribes and Alaska Natives and Hawaiians making strides in building strong communities and economies." Here is a federal Indian program that the government *actually* got right. ♣

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