

**NACA Executive Director Lukin Helps Set the Record Straight  
about the Native 8(a) Program**

*NACA and NCAI Witnesses at Senate Hearing Stress Willingness to Engage in Consultation to  
Improve the SBA 8(a) Program*

Monday July 20, 2009, Washington, DC – Scores of Alaska Native Corporation and Tribal leaders attended the Senate Subcommittee on Contracting Oversight hearing on July 16<sup>th</sup> to hear government officials and Native leaders testify about the Small Business Administration’s 8(a) Business Development Program.

“Here’s a federal Indian program that the government actually got right.” Sarah Lukin, Executive Director of the Native American Contractors Association (NACA), told the Subcommittee in her opening statement at the hearing on Alaska Native Corporation Participation in the Native 8(a) Program. The Subcommittee was targeting Alaska Native Corporations’ use of the SBA 8(a) Program to win government contracts

Senators Mark Begich and Lisa Murkowski and several witnesses expressed concern that the Subcommittee was not taking into account that Tribes also participate in the same SBA Program. Senators Begich and Murkowski were on the dais as a courtesy of Chairman Claire McCaskill.

Senator Akaka, who has served on the Senate Indian Affairs Committee for 19 years, reminded the Subcommittee of the special trust relationship between Native peoples and the United States, explaining “From experience we know that successful federal Indian policy enables American Indians and Alaska Natives to be a full partner with the federal government...As we review the experience of ANCs in the Small Business Administration 8(a) program, we must be mindful that Congress deliberately established this corporation structure to empower Alaska Natives to develop sustainable economies that benefit their communities.”

The hearing focused on a report issued by the Small Business Administration’s Inspector General that examined 11 Alaska Native Corporations that were most successful in obtaining contracts through the 8(a) program, as well as staff analysis of massive amounts of data requested by the Subcommittee from 12 Alaska Regional Corporations and 7 Village Corporations.

The main conclusion of the IG’s report was that it was likely that Native 8(a) access to directly negotiated, or sole source, awards may be costing the government more money than necessary. However, neither the Subcommittee’s report, nor the Small Business Administration Inspector General’s report clearly demonstrated that Alaska Native Corporation access to directly negotiated awards is at the expense of taxpayers’ dollars. The reports were loaded with speculation about the possible problems – but there were no facts released that proved the conclusion that ANCs are not providing best value to the government.

In his testimony, Joseph Jordan, Associate Administrator for Government Contracting and Business Development for the Small Business Administration, stated, “It’s also a bit of a

misnomer to say that there is no competition when it comes to the ANC 8(a)s ...”... Jordan also testified that, “... in every contract, and this applies to all sole source contracts, the contracting officer must certify that the government got fair and reasonable value from at least moderate performance on that contract and can terminate it if the contracting officer sees fit.”

Both Lukin and Jacquelyn Johnson-Pata, Executive Director of the National Congress of American Indians, pointed out the Small Business Administration currently has regulations in place to properly oversee the Native 8(a) program, but lacks the resources and staff to ensure that the entire 8(a) program is working for all participants.

Mark Lumer, Senior Vice President of Federal Programs for Cirrus Technology and a former Contracting Official, also stated that he believed that the growth “in sole source awards to ANCs is a direct by-product of the extreme shortage of government contracting officers and specialists.” As a former contracting official, he said that he “received very good performance from ANCs and the process proposed were audited, negotiated and ultimately determined to be fair and reasonable. I am not in favor of having that tool completely eliminated.”

Both the NACA and the National Congress of American Indians have worked with the SBA, Tribes and Alaska Native Corporations for the past three years to address similar concerns that already came out in a 2006 GAO report – recommendations that emphasized what the SBA should focus on. Lukin and Johnson-Pata repeatedly expressed a willingness to work with the Senate and the Administration to engage in a consultative process with Tribes and ANCs to address concerns.

Lukin said, “Native 8(a)s strive to increase business opportunities for other small businesses and 8(a)s and we offer real competition to the large contractors and real value to the taxpayer. The problems with government contacting are universal. The search for solutions should be comprehensive, and not disproportionately focused on Native American 8(a)s.” She added, “America needs the federal procurement system to work – so do Native Americans.” Lukin’s testimony contained a great deal of data showing that Native 8(a)s received less than 1.3 percent of total federal contract dollars in 2007.

“The 8(a) Business Development program has demonstrated that it brings revenue growth, employment, profits, and social investment to tribal communities.” Johnson-Pata stated “The Native 8(a) program demonstrates Congress’ commitment to promoting tribal self-determination and self-sufficiency.”

Julie Kitka, President of AFN, spoke eloquently about the need for capacity building in Alaska and explained in detail how socio-economic conditions, particularly with respect to education in Alaska, continue to lag behind the rest of the nation. Kitka noted that there are better measures than shareholder employment, noting that scholarship programs funded from 8(a) profits have made it possible for Alaska Natives to become professionals in their communities and pursue their interests.

Senator Begich provided the Subcommittee with a great deal of context about the unique structure of Alaska Native Corporations and their many roles noting emphatically, “Let us continue to be mindful of the continuing needs among Alaska Native people in my state and how

ANCs, working in part through their 8(a) subsidiaries, are meeting those needs so that American Taxpayers don't have to."

In her final comment to the subcommittee Senator Murkowski concluded , "If we are not careful, policy changes prompted by this subcommittee's inquiry will go down in history as another of the ill conceived policies that we in the Congress are later forced to apologize for."

Lukin's testimony, as well as those of Johnson-Pata, Kitka and others, as well as considerable data placing Native Enterprises' true scope of involvement in government contracting is available at [www.nativeamericancontractors.org](http://www.nativeamericancontractors.org)

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