



Native American Contractors Association

Working to enhance the economic self-sufficiency of America's indigenous peoples

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What is the Native 8(a) Contracting Program?

The Native 8(a) contracting program in the Small Business Administration, permits enterprises owned by Federal Recognized Tribes, Alaska Native Corporation, and Native Hawaiian Organizations (Collectively "Native Enterprises") and certified under Section 8(a) of the Act to enter the government's business development program as a path toward economic success and self sufficiency.



Recognizing the communal ownership of Tribal enterprises, in 1982, the Act was amended to permit Tribal enterprises to enter into a negotiated sole-source contract beyond traditional program limits. As community owned Native organizations, Alaska Native Corporations were included in the Program in 1988 and Native Hawaiian Organizations followed in 2002. These provisions were created to acknowledge the tremendous benefits Native 8(a) enterprises provide to entire communities of disadvantaged individuals, not just individual business owners.

"[T]he preference [in federal government contracting] promoting the economic development of federally recognized Indian tribes (and thus their members), is rationally tied to a legitimate legislative purpose and thus constitutional."

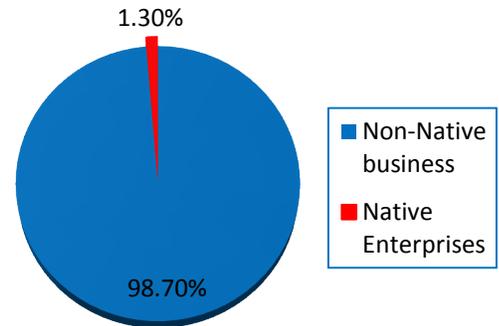
American Federation of Govt Employees v. United States, 330 F. 3d 513 (D.C. Cir. 2003) *citing* Kimel v. Fl. Bd. of Regents, 528 U.S. 62, 83 (2000).

What has the Impact of the Native American 8(a) Program been for Native Communities?

The Native 8(a) Program is a hand up, not a hand out. This non-appropriated opportunity fulfills the Federal government's unique obligations to Native Americans by enabling profits be returned to the Native communities they serve. Economic development is difficult, if not impossible in many Native communities due to the location and the difficulties in building viable businesses on a reservation, rural Alaska Native village, or Hawaiian Homeland. The lack of economic development on reservations has led to an unemployment rate of 49% compared to the national rate of 10%.¹ Additionally, according to the U.S. Census, while the U.S. poverty rate was 9.8% in 2007, the Native American poverty rate was more than 2.5 times that at 25.3%.

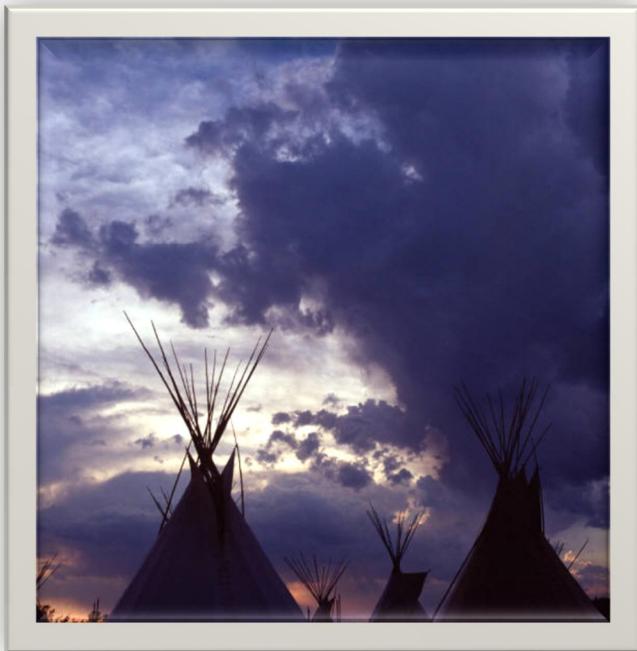
¹ Bureau of Indian Affairs Labor Force Report (2005).

However, participation in Federal contracting allows Native Enterprises to develop successful businesses within or outside their Native community. While Native enterprises receive less than 1.5% of total U.S. procurement (an approximately \$500 billion industry), this small market share creates employment and educational opportunities to Native community members, housing for elders and other Tribal members, preservation of Native culture and language, funding for governmental services such as police officers, court systems, health care facilities, and child welfare programs, job training, and scholarships.



Native 8(a) Contracting Program Supplements Underfunded Federal Programs.

Native communities successfully participating in the Native 8(a) program utilize the funds received to supplement underfunded Federal programs. For example, in 2009, Indian Health Services was funded at 52% of the level of need.² But Tribes, such as the Jamestown SōKlallam Tribe use the profits from their 8(a) enterprise to supplement that program to provide adequate health care for their Tribal members.



"The SBA 8(a) program has opened up a whole new business sector for our Tribe creating new employment opportunities for our native citizens and revenue sources for our Tribal programs including health care, education and community support services. The 8(a) program enables our tribe to enter into federal markets previously precluded from Tribal operations." Chairman W. Ron Allen, Jamestown SōKlallam Tribe of Washington, NACA Board of Directors

² Senator Byron Dorgan letter to Senate Committee on the Budget: öFY 2011 Funding for Native American Programsö dated March 5, 2010.

Native Community Benefits

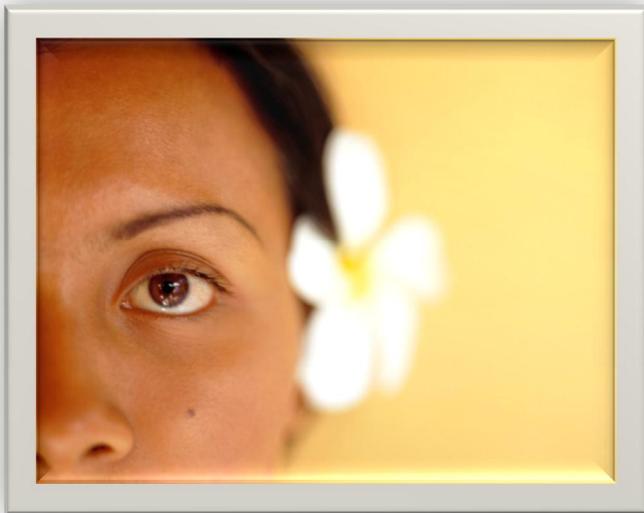
The Native 8(a) program provides a real, tangible way for Native enterprises to provide for their communities. As noted above, the employment rate among Native Americans is higher than in any community in the United States and more Native Americans live in poverty than any other demographic. Native 8(a)s create jobs, returning profits and benefits to the Native community. Those benefits include:

- Employment opportunities
- Scholarships
- Cultural preservation
- Elders assistance
- Health care
- Drug and alcohol treatment
- Infrastructure, such as water and sewer systems, road maintenance and fire prevention
- Tribal court development
- Tribal police
- Housing



Local Community Benefits

The benefits provided by Native 8(a) enterprises impact more than just their communities. Native 8(a) businesses are located in every state in the United States, several U.S. Territories and foreign countries. The businesses buy goods and services from the local and surrounding communities, which creates additional jobs and growth. Moreover, the employees of the business use their income as consumers in the local economy, which increases the economic ripple effect in the local community.



- ✓ Native 8(a) enterprises have employed more than 31,000 Americans nationwide.
- ✓ Native enterprises generate millions of dollars in economic activity in their surrounding communities with goods and services to support 8(a) businesses.

Government Value and Quality Service

Participants in the Native 8(a) program -- Tribes, Native Hawaiian Organizations and Alaska Native Corporations -- leverage their resources to deliver good value and top-quality services. Small Business Administration (SBA) regulations require all small businesses, not just Native enterprises, to perform at least 51% of service work. When a project requires additional resources, work may be subcontracted out to other companies, including minority organizations, 8(a) businesses and large corporations.

- ✓ Contracts issued through the 8(a) program result in a more efficient and cost effective contract acquisition process.
- ✓ Native 8(a) contractors have received award-fee scores of 100% and often surpass performance scores of other large contractors.
- ✓ The Native 8(a) program allows the United States to respond quickly in times of need by providing direct coordination of services and specific tailoring with the contracting officer and end-users.

Native 8(a) Businesses Brings Choice and Competition to the Contracting Process

Federal contracting is a highly concentrated market dominated by a handful of large companies. Despite the successes of a handful of Native 8(a) companies, many Tribes, Alaska Native Corporations, and Native Hawaiian Organizations are still struggling to break into the Federal procurement market.

- ✓ Use of Native 8(a) enterprises allows for the expansion of suppliers to the Federal government.

To expand the contracting opportunities for all small business contractors, our members pledge to work together to broaden the base of 8(a) and other small business suppliers and service supplies available to the Federal government by:

1. Developing innovative incentives for agencies to award more and larger contracts to 8(a) and other small business contractors.
2. Advocating for the use of these incentives and other procedures that will ensure that the SBA and other Federal contracting agencies meet and exceed their small and minority business contracting goals every year.
3. Supporting improved administrative oversight, enhancement of SBA's limited resources, and collaboration with SBA.

