

Introduction

Senator Begich's office asked ISER for assistance assembling information to document the social and economic status of Alaska Natives and the benefits of the 8(a) program. His purpose is to brief Missouri Senator McCaskill and her committee which is reviewing the status of ANC contracts awarded under SBA's 8(a) program. This review was triggered by a 2006 GAO report recommending increased SBA oversight to 8(a) contracting activity. Highlights of the GAO report are provided in Tab A.1; a letter dated May 15, 2009, from Senators Begich and Murkowski to Senator McCaskill, outlining their concerns is provided in Tab A.2.

As the Congressional Research Service report (Tab A.3) explains, the Small Business Administration's 8(a) program targeting socially and economically disadvantaged individuals was operating under executive authority from about 1970, and under statutory authority starting in 1978. A series of amendments from 1986 to 1992 recognized Alaska Native Corporations (ANCs) as socially and economically disadvantaged for purposes of program eligibility, exempted them from limitations on the number of qualifying subsidiaries, from some restrictions on size and minimum time in business, and from the ceiling on amounts for sole-source contracts. Between 1988 and 2005, the number of 8(a) qualified ANC subsidiaries grew from one to 154 subsidiaries owned by 49 ANCs. The dollar amount of 8(a) contracts to ANCs grew from \$265 million in FY 2000 to \$1.1 billion in 2004, approximately 80 percent of which was in sole-source contracts. (GAO Highlights, Tab A.1)

The remainder of this briefing book is divided in three sections. Section 2 addresses changes in the social and economic status of Alaska Natives from 1970--the year before the enactment of the Alaska Native Claims Settlement Act and the subsequent creation of the ANCs--to the present. ISER's report on the "Status of Alaska Natives 2004" (Tab B.1) finds that despite really significant improvements in social and economic conditions among Alaska Natives, they still lag well behind other Alaskans in employment, income, education, health status and living conditions. A collection of more recent analyses updates the social and economic indicators to 2008. There were many concurrent changes throughout this dynamic period of Alaska's history and we cannot attribute all the improvements to the ANCs, though it is clear that they play an important catalyst role. In the final part of section 2 we attempt to provide some historical context for understanding the role ANCs have played in improving the well-being of Alaska Natives.

Section C. documents the growth in ANCs and their contributions to Alaska Native employment, income, social and cultural programs and wellbeing, and their major contributions to the Alaska economy and society overall.

Section D. Looks specifically at the 8(a) program. Although there are a handful of 8(a) firms with large federal contracts, the majority are small, village-based corporations engaged in enterprise development in very challenging conditions. A collection of six case studies illustrate the barriers to business development these small firms face and the critical leverage that 8(a) contracting offers them.