A Look at 13 Native Regional Corporations and 29 Native Village Corporations
Here is a glimpse of the significant impact Alaska Native Corporations have on Alaska’s economy.
Welcome to the sixth annual report by the Association of the ANCSA Presidents and CEOs on Alaska Native Corporations’ combined economic impact. This report illustrates the tremendous financial success that many of the ANCs experienced in 2004, but will also show that many corporations are still building their companies into profitable entities. The profits generated from these corporations provide dividends, scholarships, training opportunities and jobs to their shareholders as well as Elder benefits and cultural programs that embrace the rich heritage and customs of our people.

Our focus in this report is sharing, a concept that comes from the heart of Alaska Native cultures and traditions and yet a concept not usually associated with corporations or natural resource development projects. Sharing through Section 7(i) resource revenues and sharing knowledge through organizations such as the Association of ANCSA Regional Corporation Presidents and CEOs, the Alaska Federation of Natives, and the Native American Contractors Association are important dynamics of the sharing concept among our people.

This sharing concept made its way into ANCSA through a one-sentence provision of the act, Section 7(i), that has been described as elegant in concept, but a nightmare in implementation. Although sharing was always a part of Native cultures, it was generally expected only within particular villages and more rarely between cultures. It is significant, therefore, that the sharing provisions of ANCSA require sharing among all Native corporations, crossing traditional ethnic boundaries.

We believe this report, which compiles data on participating corporations from throughout Alaska, offers valuable insight into who we are, what we are doing, and most importantly why our corporations operate the way we do.

Our Alaska Native Corporations, known as ANCs, are unique. Our foundation comes from our identity as indigenous peoples: Inupiaq, Yupik, Cupik, Siberian Yupik, Tlingit, Haida, Tsimshian, Eyak, Athabascan, Aleut, and Adlaq. For generation after generation, for thousands of years in fact, our ancestors have lived and thrived in our homeland, Alaska. While some may view our environment as one of the harshest in the world, it is our home, be it Diomede or Chania or Kotzebue. We have over 230 small villages scattered in the largest land mass contained in one state of the union. The residents of many of these Native villages depend on subsistence hunting and fishing to sustain their bodies as well as their traditions and culture.

ANCs are an outgrowth of the Alaska Native Claims Settlement Act (ANCSA) of 1971, an unprecedented means by which indigenous peoples relinquished their land claims on parts of Alaska in exchange for land and cash. The history of the United States government’s dealing with indigenous people, relocating them from their traditional lands into reservations, was not an acceptable solution. Seeking an alternative, Native leadership worked with Congress to create corporate structures with unprecedented means by which indigenous peoples relinquished their land claims on parts of Alaska in exchange for land and cash. The history of the United States government’s dealing with indigenous peoples: Inupiaq, Yupik, Cupik, Siberian Yupik, Tlingit, Haida, Tsimshian, Eyak, Athabascan, Aleut, and Adlaq. For generation after generation, for thousands of years in fact, our ancestors have lived and thrived in our homeland, Alaska. While some may view our environment as one of the harshest in the world, it is our home, be it Diomede or Chania or Kotzebue. We have over 230 small villages scattered in the largest land mass contained in one state of the union. The residents of many of these Native villages depend on subsistence hunting and fishing to sustain their bodies as well as their traditions and cultures. ANCs are an outgrowth of the Alaska Native Claims Settlement Act (ANCSA) of 1971, an unprecedented means by which indigenous peoples relinquished their land claims on parts of Alaska in exchange for land and cash. The history of the United States government’s dealing with indigenous people, relocating them from their traditional lands into reservations, was not an acceptable solution. Seeking an alternative, Native leadership worked with Congress to create corporate structures with the intent to manage both the land and cash.

This report highlights the unique cultural history of these corporate organizations and who they represent. The task of balancing profitability, while respecting our ties to the land and culture is enormous and has had many failures. We still have many hurdles to overcome in our efforts to raise our people out of poverty and deal with social issues that plague us. But our history shows a remarkably resilient spirit and knowing that the needs of the group take precedence over the needs of the individual. Sharing is a fundamental value.

Many ANCs are showing success, doing exactly what Congress intended—finally building sustainable businesses that train our people, return a profit to our owners, educate Native children, and push our communities out of poverty. But we are not there yet, we need to continue to share our experiences and successes until all of our people are doing well. We draw strength from the spirit of our ancestors.

Sincerely,

Sheri Buretta
President, Association of ANCSA Regional Corporation Presidents/CEOs

Sheri Buretta is the President of the Association of ANCSA Regional Corporation Presidents and CEOs. She also serves as Chairman of the Board, Chugach Alaska Corporation. Prior to her service as chairman, she has served as a tribal development coordinator for Chugach, Inc., Chugach’s non-profit arm. She also has served on a number of boards, including the Alaska Federation of Natives and the Prince William Sound Regional Citizens Advisory Board and is Chairman of ROSSIA (Russian Orthodox Sacred Sites in Alaska, Inc.). Sheri previously served on the Exxon Valdez Oil Spill Public Advisory Group. She was born in Anchorage, and her family is from Taltree, a small village located in Prince William Sound. She graduated from the University of Alaska with an accounting degree.

This report is a summary of Alaska Native Corporations’ progress and their contribution to the state, covering economic growth, employment, and philanthropy. Highlights of the 2004 combined findings for the 13 regional corporations and 29 village corporations surveyed include:

- Revenue of $4.47 billion and assets of $3.57 billion
- $117.5 million in dividends
- Statewide employment of 12,536
- Alaska Native employment of 3,116
- $8.5 million in charitable donations
- $5.4 million in scholarships distributed to 3,040 recipients

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Ch’ëlibuja is a Dena’ina Athabaskan phrase with an approximate translation into English as: “We share it.” It is roughly pronounced as chealth-BOU-jah. This is a literal translation of the concept that Alaska Native Corporations are sharing “it,” the resource revenue from their ANCSA lands.

An Alaska Native youth from Kipnuk prepares salmon strips. Photo courtesy Matthew Nicolai.
Native shareholders continue to participate in subsistence activities (far left). Photo courtesy Red Bradley.

The Alaska Native Claims Settlement Act land provision divided Alaska into 12 regions, each administered by an Alaska Native Corporation (left).

Regional Corporations
• Ahtna, Inc.
• The Aleut Corporation
• Arctic Slope Regional Corporation
• Bering Straits Native Corporation
• Bristol Bay Native Corporation
• Calista Corporation
• Chugach Alaska Corporation
• CIRI
• Doyon, Limited
• Koniag, Inc.
• NANA Regional Corporation, Inc.
• Sealaska Corporation
• The 13th Regional Corporation

Village Corporations
• Afognak Native Corporation
• Azachorok, Inc.
• Bean Ridge Corporation
• Bethel Native Corporation
• Cape Fox Corporation
• Chenega Corporation
• Cully Corporation
• Gana-A’Yoo, Ltd.
• Goldbelt, Inc.
• Inalik Native Corporation
• Kasigluk, Inc. (Aluwutal Laavnaarat)
• Klawock Heenya Corporation
• Kotzebue Native Corporation
• Kuulik Yupik Corporation
• Kuitsaraq, Inc.
• Kwethluk, Inc.
• MNTF, Ltd.
• Natives of Kodiak, Inc.
• Nerklikmite Native Corporation
• Old Harbor Native Corporation
• Olgoonik Corporation
• Pedro Bay Corporation
• Salamatof Native Association, Inc.
• Sitnasuak Native Corporation
• The Kuskokwim Corporation
• Tyonek Native Corporation
• Ukpeagvik Iñupiat Corporation
• Unalakleet Native Corporation

This report includes data from the 12 regional corporations within Alaska, The 13th Regional Corporation, based in Seattle, and the 29 village corporations that opted to participate.

*An urban corporation representing Alaska Natives living in Juneau.
Introduction

Our goal is to measure the overall economic impact Alaska Native Corporations have on Alaska. This report includes the 13 Regional Corporations and 29 village corporations.

Philanthropy is an important measure of the corporate impact on Alaska. Together, the 42 corporations included in our report made charitable donations totaling $8.5 million.

Additionally, the corporations donated $5.4 million in scholarships in 2004 for 3,040 Alaska Native students.

Dividends paid is another important yardstick. The 42 corporations paid $117.5 million in dividends to shareholders in 2004.

Such substantial contributions to charities in Alaska, to scholarships for Alaska Native students, and to Alaska Native Corporation shareholders through dividends, provide a glimpse of the very significant impact ANCs have on Alaska's economy. The intent of this report is to highlight key corporate and financial data that clearly indicate this impact. Studies in the past have attempted to outline regional or statewide Alaska Native Corporation performance.

Although these studies resulted in increased public understanding of ANCs, the dramatic shift during the last decade has only recently been collectively documented. This report is the sixth annual endeavor to gather specific data from the corporations' annual reports and selected information from interviews and surveys.

Putting It In Perspective

Ch'ealth-BOU-jah.) We use this phrase that roughly translates as "we share it," references to the sharing of fish and other food resources among residents of a particular tribe. Its approximate pronunciation is: ch'ealth-BOU-jah.) We use this phrase to focus on the fact that Alaska Native Corporations share the resource revenue from their Alaska Native Claims Settlement Act lands. ANCs undertaking natural resource development projects on their lands effectively share the benefits of these projects beyond their respective regions to all ANC shareholders. Sharing is an integral part of Alaska Native cultures and traditions. Its inclusion in the Alaska Native Claims Settlement Act of 1971 is one of the most unusual aspects of this act. It made its way into ANCSA through a one-sentence provision of the act, Section 7(i), which calls for Alaska Native Regional Corporations to share 70 percent of their resource revenues with all regional corporations.

At the same time, the sharing requirement is one of the most important distinctions between Alaska Native Corporations and other Western business entities. Through Section 7(i), Alaska Native Regional Corporations share a large portion of their resource revenues with each other. The section states simply that 70 percent of all resource revenues received by each region from ANCSA lands will be shared among Alaska's 12 regional corporations. (A corporation created later to represent Alaska Natives living outside the state, The 13th Regional Corporation, was not included because it was not granted land.) A further provision of ANCSA calls for distribution of the shared funds to villages within each region, and "at-large" shareholders holding only shares of a regional corporation and not a village corporation. Section 7(i) requires that regions share half of the 70% funds they receive with village corporations and individual at-large shareholders.

The sharing requirements of the Alaska Native Claims Settlement Act are among the most "Native" aspects of the act. Through these provisions, more than $675 million – an amount equal to well over half of the entire cash settlement of ANCSA – has been distributed to regional corporations, village corporations, and individual shareholders over three decades.

The requirement stemmed from concern that one corporation might be much wealthier than another simply as a result of resources located within its geographic boundaries. Although the sharing requirement was mostly supported by the Native leadership, there was never unanimous support for it, and there are still issues surrounding resource-revenue sharing among Native Regional Corporations. It was controversial from the very beginning.

At the same time, 7(i) successfully helped a number of corporations either get their feet or find their way out of bankruptcy. Most experts today agree that the 7(i) payments are generally less important to any given corporation's bottom line now than they were in the corporations' early years.

Hank Eaton, a Native leader from Kodiak who lobbied for the law and who died in 2001, discussed the philosophy behind the provision. He said the Native leadership understood that there would naturally be divisions between the "haves" and "have-nots." "That was more or less the way we were looking at it when we were pushing this thing — we were looking at the time when we could all be pretty much on a par," he said. In the first years of the act, some recognized that the sharing provision of ANCSA was critical to its success, and yet because the sharing requirement was required by a one-sentence provision and included no explanation for accounting procedures, its implementation was virtually impossible. It wasn't long before disputes arose over the sharing. The disputes led to lawsuits. In practice, the disputes had serious implications for the newly created companies which had resources, but very little else.

Sensing that the one-sentence sharing provision of ANCSA, which was a Native concept applied to Western-style corporations, could become the undoing of the act, Byron Mallott became concerned. At the time, he was the president of Sealaska, the most populated ANC with vast timber resources on its lands.

"We saw opportunities to make money from harvesting and selling timber to the Asian markets, but really couldn't proceed without some definition of what 7(i) meant. Several other corporations were in the same circumstance, and I can recall getting together with Roy Huhndorf (then-president of CIRI). The corporations were in all kinds of strife over it. The litigation wasn't so friendly anymore," Mallott said.

"CIRI and Sealaska had a strong self-interest in resolving it, as they were first out of the box with resource development," Mallott said. He added that there were other corporations with as much concern, but less urgency. Most notable were Doyon and NANA Regional Corporation.

"So I talked with Roy and said, 'What if one of us invited all the other corporations to a place away from our offices? Let's see if we can stop the litigation and come to an agreement over how to deal with this 7(i) issue.'" Mallott noted that at the time CIRI did not have the resources to host such a meeting, but Sealaska did. Corporation leaders were invited to Kah-Nee-Ta Lodge on the Warm Springs Indian Reservation in Oregon, in a March 10, 1981 letter sent out by Mallott. In his letter, Mallott noted that despite very high stakes, settlement efforts up to that time had not ended the litigation, which was a tremendous expense for all and yielded minimal results.

In extending an invitation to the Native Corporations to attend the session, Mallott was concerned corporate leaders not bring their legal counsel to the meetings. Although most of the corporations did bring attorneys, counsel was...
asked not to sit at the negotiating table with the corporate leadership. Richard Baenan, an outside attorney who had worked for NANA Regional Corporation, served as the legal counsel for the group.

A year of negotiations followed the Warm Springs gathering, and a mountain of paper was traded back and forth between the leaders. One participant described the process as “a really hard slog.” There were regular monthly meetings, as well as numerous extra meetings of various subgroups. But, besides the tangible evidence that people were trying to work together, the intangible feeling of trust became the most important commodity in the process.

Eventually, the leaders crafted the Section 7(i) Settlement Agreement. It was signed at CIRI offices on June 29, 1982. The agreement itself is 121 pages long and includes 15 pages of definitions of terms such as “ANCSA lands,” “surface rights,” “fair market value,” and others. It addresses all of the issues that arose in the year-long discussions.

After its adoption by the corporation leaders, the agreement was turned over to the courts for approval. The documents were approved by the court and in 1983, formed the basis for dismissal of the key lawsuit pending at the time, The Aleut Corp. v. Arctic Slope Regional Corp.

Today, the 7(i) Agreement is standard operating procedure for all Alaska Native Regional Corporations. In fact, since ANCSA’s passage in 1971, nearly $675 million has been distributed under the provisions of the agreement.

Under 7(i)’s unique requirements, the “have-nots” are required to help the “haves.” Significantly, this sharing is accomplished through the 7(i) Agreement that Native leaders themselves crafted. It took all of the leaders from each of the regions countless hours over a period of months – often much time away from families and their other professional commitments – to hammer out the agreement. They were the only ones who could achieve a settlement.

It was an achievement that many said was impossible.

The Native leadership was able to look at the broader picture when crafting the 7(i) Agreement. While the leaders understood the costs would be heavy for the corporations that were “haves,” they also understood the immense benefits for the “have-nots.” In the end, it was apparent to most that only the Native leadership, coming together to work for the greater good of the entire Native community, could seize the initiative and solve the problem.

*Editor’s note: A longer version of this discussion of Section 7(i) is included in a new book, Sakuuktugut: We Are Working Incredibly Hard, published by The CIRI Foundation in 2006.*
What Are Alaska Native Corporations?

Alaska Native corporations were created under the Alaska Native Claims Settlement Act passed by Congress on Dec. 18, 1971 to settle Alaska Native groups’ aboriginal land claims against the federal government. The act divided Alaska into 12 regions and authorized the creation of for-profit regional corporations and more than 200 village corporations to receive federal monetary and property compensation under ANCSA. The act established that Alaska Natives would receive their ANCSA benefits through the regional and village corporations. Alaska Native people became shareholders in these corporations, based upon their residency or ancestry. The 13th Regional Corporation was created to compensate Alaska Natives who were no longer Alaska residents in 1971. Alaska’s regional and village corporations have since grown to become some of the state’s largest companies. As a group, they generate hundreds of millions of dollars in annual dividends, salaries and taxes that fuel Alaska’s economy. Twelve regional corporations, 169 village corporations and four urban corporations (Juneau, Kenai, Kodiak and Sitka) currently operate in Alaska. Some of the original village corporations either merged with one another or with their regional corporations. Many of the remaining corporations have expanded their business operations into the other 49 states and foreign countries, generating profits that they bring back to Alaska to benefit their shareholders and the state’s economy.

What Do Alaska Native Corporations Do?

Today, more than three decades after their creation, Alaska Native Corporations exert a profound effect on Alaska’s economy. Business endeavors run the gamut in Alaska from real estate and natural resource development to construction, tourism, and retail operations. Additionally, many of these corporations have invested in businesses outside Alaska. In 2004, Alaska Native Corporations focused much of their attention on joint ventures and partnerships in both the government and private sectors. For example, more and more ANCs are participating in the Small Business Administration’s 8(a) Program, which often brings in significant revenue but relatively thin profit margins. New investments by the regional corporations mirrored the mainstays of prior years. Major lines of business include construction, real estate development, oil field services, and the increasingly important tourism sector. In the last several years, a notable increase in the amount of work regional corporations do for the federal government in both Alaska and the continental U.S. has been generated. A notable area of growth for both Alaska Native Corporations and sectors nationwide is defense contracting. For example, the Chugach family consists of eight subsidiaries and several joint ventures with nearly 6,500 employees worldwide and revenues in 2004 greater than $700 million.

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Alaska Native Corporations increasingly use the Small Business Administration 8(a) program to develop strong companies to compete in the U.S. economy and provide benefits to shareholders, the Alaska Native community, and Alaska’s economy.

A report issued by the Government Accountability Office recognized the many benefits Alaska Native Corporations bring home to Alaska through their participation in the federal contracting marketplace. Many ANCs anxiously awaited the results of the report issued on April 27, 2006, because the GAO investigation, launched a year earlier, was partly in response to concern over ANC contracting practices. From Fiscal Year 2001 to Fiscal Year 2003, Native contracting dollars made up 0.2 percent of the federal contracting pie (source: Eagle Eye). The Government Accountability Office reported that in Fiscal Year 2004, Alaska Native Corporations represented 13 percent of the 8(a) program’s federal contracting dollars. ANCs represent more than 100,000 Alaska Native people. The remaining approximately 90,000 individually owned (8a) small businesses split 87 percent of the 8(a) program pie.

In support of the mission of the Alaska Native Corporation Association formed in 2003, illustrates: • Developed community infrastructure. • Funded social and cultural initiatives. • Provided job opportunities and scholarships. • Funded social and cultural initiatives. • Developed community infrastructure and other benefits.

Data gathered by the Native American Contractors Association, a Native trade association formed in 2003, illustrates the additional benefits Alaska Native Corporations provide to Alaska’s economy and their shareholders. From 1999 to 2004, 15 surveyed ANCs awarded $14.27 million in scholarships to shareholders and shareholder descendants. In 2004, these same ANCs donated $5.99 million to cultural and social programs and paid in excess of $141 million in payroll to more than 7,700 employees in the state of Alaska. Nationwide, the 15 ANC 8(a)s employed more than 27,800 people and operated more than 500 government contracts. The Government Accountability Office report also provided historical insight into Alaska Native Corporation participation in the 8(a) program, particularly how and why ANCs are considered socially and economically disadvantaged business enterprises. In its comments to the report, the Native American Contractors Association reminded the GAO and readers that ANC 8(a) eligibility is rooted in the Alaska Native Claims Settlement Act and the U.S. Congress. Congress made the 8(a) program as designed: • to grow viable, self-sufficient companies that can compete in the U.S. economy and provide benefits to our shareholders, the Alaska Native community, and Alaska’s economy. We are succeeding. Unfortunately, with success comes criticism. There are special interest groups who wish to terminate our rights under the 8(a) program. Alaska Native Corporations are working together with statewide and national Native organizations to ensure these rights are protected. Any changes to this essential business development tool will adversely affect our shareholders, our Native communities, and the state of Alaska.

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Native Control Of Native Land

The Alaska Native Claims Settlement Act was the first real settlement between Native Americans and the federal government in which Native people were allowed to exercise self-determination. Previous treaties and settlements involved land and assets held in trust for Native people by the federal government and controlled by the Bureau of Indian Affairs. The 44 million acres of land retained by Alaska Natives and nearly $1 billion granted to Native people are controlled by Native boards of directors of Alaska Native Corporations, and they have complete control over their assets. Although Alaska Natives filed claims to virtually the entire state, through ANCSA, Native people retained about 10 percent of the land in the state. By contrast, the state of Alaska was granted 104 million acres of land in the Statehood Act, and the federal government controls more than 290 million acres of land. Together, the state and federal governments control more than 85 percent of Alaska.

Many Alaska Native Corporations are still waiting for completion of the land conveyance, Doyon, Limited, which retained the most land under ANCSA, is still waiting for final conveyance of about two million acres. Williams noted that the Association of ANCSA Regional Corporation Presidents/CEOs is working with federal government and congressional leaders to ensure that final conveyance will be completed to all Alaska Native Corporations by 2009. This would finally allow the state’s largest private landowners (the Alaska Native Regional and Village Corporations) and the state of Alaska to know one another’s final boundaries and, after almost 40 years, ownership issues could be resolved, he said. The grant of cash to Alaska Natives sounds generous, but the nearly one billion dollars was distributed over a period of about 11 years, at a time when inflation significantly reduced the value of the money. Additionally, the money went to Alaska Native Regional Corporations, Village Corporations, and even individual shareholders. Collectively, the regional corporations only retained about $500 million in "seed money."

In addition to Alaska Native Corporations, there are many Alaska Native non-profit organizations. Regional Native non-profits have a broad range of related responsibilities and significant resources available to carry out health, housing, training, and social services. This report will not be complete until the impact of all Alaska Native Corporations and other Native organizations, especially Native non-profit entities, can be measured.

How Important Are Native Non-Profit Organizations?

In the Alaska Native Claims Settlement Act called for the settlement with Alaska Natives to be "accomplished in conformity with the real economic and social needs of Natives." Even in the earliest development stages of the Act, people had concerns about how to mix social welfare objectives with corporate goals. There is tension, created by the need to focus on both the economic and social needs of Alaska Native people. Alaska Native Corporation leaders struggle with this tension every single day.

Tension Between Economic/Social Needs

Section 2(b) of the Alaska Native Claims Settlement Act called for the settlement with Alaska Natives to be "accomplished in conformity with the real economic and social needs of Natives." Even in the earliest development stages of the Act, people had concerns about how to mix social welfare objectives with corporate goals. There is tension, created by the need to focus on both the economic and social needs of Alaska Native people. Alaska Native Corporation leaders struggle with this tension every single day.

What Is Unique About Alaska Native Corporations?

A unique aspect of the Alaska Native Claims Settlement Act is the revenue sharing required of ANCs under Section 7(b). This requires Alaska Native Regional Corporations to share 70 percent of their revenue resources on ANCSA lands with the other Native Regional and Village corporations. This is significant and striking requirement within ANCSA, and it’s remarkable that the Native leadership eventually found a way to make it work over the years. Another important distinction between Alaska Native Corporations and other corporations is that ANC stock is inalienable. While a corporation’s shareholders could vote to lift restrictions on the sale of stock, so far none have allowed it.

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What Is The Association Of ANCSA Regional Corporation Presidents/CEOs, And What Does The Organization Do?

The Association of ANCSA Regional Corporation Presidents/CEOs board of directors includes one member from each of the 13 Alaska Native Regional Corporations (pictured right). These members represent the highest level of each corporation's management. Also serving on the board is the President of the Alaska Federation of Natives.

The mission of the Association of ANCSA Regional Corporation Presidents/CEOs is to promote and maintain the Alaska Native Claims Settlement Act, the Alaska National Interest Lands Conservation Act, and economic enterprise through cooperative efforts and advocacy; and to foster the continued growth and economic strength of the Alaska Native Regional Corporations on behalf of their shareholders. Among the goals are:

- Coordinating efforts among regional corporations and other affected organizations on government, legislative, and regulatory issues that affect ANCSA Regional Corporations.
- Enhancing ANCSA Regional Corporations' ability to develop the resources that are subject to ANCSA Section 7(i), consistent with sharing the revenue distributions in a timely manner.
- Promoting joint business ventures among ANCSA Regional Corporations.
- Informing the general public of the positive developments and presence of the ANCSA corporations.
- Maximizing shareholder employment with better coordination among ANCSA Regional Corporations.
- Encouraging Alaska Native participation in elections throughout the state through the Get Out The Native Vote organization.

Walking In Two Worlds With One Spirit

Alaska Native Corporation boards of directors, and the management staff they retain, are required to have a tremendous passion for Native goals – and a lot of hard work. NANA Regional Corporation, Inc. has, for a number of years used the phrase “Walking In Two Worlds with One Spirit” to highlight the fact that Native people are firmly rooted in the past, in their traditions, and in their heritage. Native people look to the Elders for guidance. At the same time, Native people are succeeding in the Western world in business, education, literary pursuits, and many other arenas. ANCs, led by Native leaders, are truly walking in two worlds with one spirit. The Yupik phrase, Mahgnii Yuduni, says it clearly: walking in two worlds.

Many Alaska Native Corporation leaders have become sophisticated business managers, but they all retain their respect for the cultures and many of them continue to participate in subsistence activities. Jake Adams of Barrow, president and CEO of Arctic Slope Regional Corporation, is also a whaling captain. The Yup’ik phrase, Malrugni Yuuluni, teaches us the way of the whales, and we also look to the Elders as mentors in gaining knowledge about making wise decisions to lead us in the business world. Working as a team in catching a whale to feed a whole village links us to working together to bring success in the corporate world,” said Adams.

Elders Lead The Way

As Alaska Native Corporations mature, an ever-increasing amount of energy is expended on the spiritual well-being of Native people. Elders and Native tradition-bearers have provided lessons in the importance of community. Much of the ANC efforts are not focused on the individual, but rather the collective well-being of the group.

ANC SA Is Only The Beginning

Native leader Willie Hensley explained the need for the Alaska Native Claims Settlement Act in a pivotal speech to the Alaska Federation of Natives in 1980. He pointed out that ANCSA was meant to ensure survival. “Why we fought for a settlement should be understood if our main objective of survival is to be achieved. What I mean by survival is not just economic survival, or political survival. I’m talking about our original goal of the survival of our tribal spirit, our language, our culture, and our self-respect.” Passage of ANCSA was by no means “the end.” It was the beginning. ANCSA is a living document, amended many times already, and likely to be amended many more. Those who make the changes in the future will be Native people themselves.
The financial presentation of ANCSA corporations demonstrates their impact on Alaska's economy. They are an integrated and important part of the state's economic health. This is not an analysis of the relative success between the individual corporations. It is a recognition of their combined success throughout Alaska and in their business endeavors.

Most of the charts in this report include data from only the 13 Alaska Native Regional Corporations. Presenting 10 years of data is more meaningful than one year only. It would not be accurate to include an aggregate of village corporation data because the village corporations that participate change each year.

Financial Overview

Alaska Native Corporations provide jobs, revenue, and commitment to Alaska's economy. In 2004, our sample of ANCs had combined revenues of $4.47 billion. A large portion of this directly affects Alaska's economy. Almost half of this amount was derived from the operations of the two largest firms, Arctic Slope Regional Corporation ($1.32 billion) and Chugach Alaska Corporation ($700 million). Figure 1 shows total revenue of the 13 regional corporations since 1994.

Figure 1
Total Revenue
13 Regional Corporations

Figure 2
Top Alaskan-Owned Businesses
Alaska Business Monthly

Figure 3
Total Net Income
13 Regional Corporations

Figure 4
Total Equity
13 Regional Corporations

Figure 5
Total Assets
13 Regional Corporations

Figure 6
2004 Dividends
(over $500,000)

Figure 7
2004 Dividends
(under $500,000)

Figure 8
Top Native Corporation Rankings
2004

Figure 9
Annual Reports

Figure 10
Shareholders' Equity

Figure 11
Net Income and Dividends

Figure 12
Earnings and Dividends

Vern McCorkle, Alaska Business Monthly publisher, said the importance of Alaska Native Corporations continues to grow in the Alaska economy. "These companies have built up Alaska in so many ways. They produce products and services we need. They are the backbone of the communities they operate in, and some even have a national or an international reach."

Net Income and Shareholders' Equity

Since 1994, net income has increased for the combined 13 Native Regional Corporations (Figure 3). Despite significant dividend distributions, shareholders' equity remained steady during the same period (Figure 4). Total net income for the 13 regional corporations combined in 2004 was $85.2 million. The total equity in 2004 was $1.64 billion.

In 2004, the 13 regional corporations paid more than $271 million in federal taxes on the net income of $85.2 million, indicating an average tax rate of 31.8 percent.

Net income for the 13 Native Regional Corporations in 2004 was $85.2 million; the regional corporations were responsible for $103.6 million of that amount.

Increased consumer spending generated from dividends facilitates further growth and investment in Alaska. Of the 42 corporations surveyed, the total for those that did pay dividends for 2004 was $117.5 million; the regional corporations were responsible for $103.6 million of that amount.

It is important to note that Alaska Native Corporations distribute a significant portion of their profits to shareholders through dividends. In 2004, 42 corporations paid $117.5 million in dividends out of $120.3 million in net profits, for an average dividend payout ratio of 98 percent.

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Dividends

Another significant factor adding to the impact of Alaska Native Corporations are the dividend payments that the shareholders receive. Dividends, in addition to the direct enhancement of shareholder's wealth, indirectly benefit all Alaska residents.

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On average, these corporations retained only two percent of their profits. This exceptionally high payout ratio indicates the importance that these dividends have in the Alaska Native community and the role ANCSA corporations play in providing economic support.
ANCs encourage the hiring of Alaska Natives, shareholders, and their families.

Hiring Alaska Native people is part of the Alaska Native Corporations’ commitment to welcoming shareholder and Native participation in company operations and growth. The ANCs have policies encouraging the hiring of Alaska Natives, shareholders, and their families. Together, the 42 corporations in this study employ an Alaskan workforce of 123,936. There were 3,116 Alaska Natives employed by the 42 corporations. According to Alaska Economic Trends, based on 2004 data from the Alaska Department of Labor & Workforce Development, the “Top 100” employers include 16 that are either Alaska Native non-profit organizations or subsidiaries of Alaska’s Native Regional Corporations. Ten years prior, only nine Native employers were on the list. (Figure 8). The report by labor economist Neil Fried notes that both Native non-profit organizations and subsidiaries of Native Regional Corporations are key employers in Alaska. “They are a group of dynamic Alaska-based companies that are in many cases doing a tremendous amount of work outside our borders,” Fried said. He explained that this reverses the traditional Alaska model of Outside employees sending revenue from the state to the Lower 48. Fried also noted that some of the most beautiful buildings constructed in Anchorage in recent years have been for Alaska Native Corporations or their subsidiaries, such as the new headquarters for Bristol Bay Native Corporation located at 111 West 16th Ave. Fries said the buildings are essentially “billboards” for the fact that ANCs have grown and matured a great deal since they were formed more than 90 years ago.

Figure 8

2004 Employment
Alaska Economic Trends

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company/Organization</th>
<th>Sector</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Yukon-Kuskokwim Health Corporation</td>
<td>Health Care</td>
<td>1,346</td>
</tr>
<tr>
<td>11</td>
<td>NANA Management Services</td>
<td>Catering/Lodging/Security</td>
<td>1,222</td>
</tr>
<tr>
<td>12</td>
<td>ASRC Energy Services</td>
<td>Oil Field Services</td>
<td>1,197</td>
</tr>
<tr>
<td>14</td>
<td>Alaska Native Tribal Health Consortium</td>
<td>Hospital/Medical Center</td>
<td>1,104</td>
</tr>
<tr>
<td>16</td>
<td>Southcentral Foundation</td>
<td>Health Care</td>
<td>1,023</td>
</tr>
<tr>
<td>25</td>
<td>Southeast Alaska Regional Health Consortium</td>
<td>Social Services/Health Care</td>
<td>754</td>
</tr>
<tr>
<td>33</td>
<td>Tanana Chiefs Conference</td>
<td>Social Services/Health Care</td>
<td>621</td>
</tr>
<tr>
<td>36</td>
<td>Doyon/Universal Ogden, JV</td>
<td>Catering/Security</td>
<td>612</td>
</tr>
<tr>
<td>40</td>
<td>Maniilaq Association</td>
<td>Social Services/Health Care</td>
<td>576</td>
</tr>
<tr>
<td>47</td>
<td>Chugach Development Corporation</td>
<td>Facility Support Services</td>
<td>492</td>
</tr>
<tr>
<td>50</td>
<td>Peak Oilfield Service Company</td>
<td>Oil Field Services</td>
<td>467</td>
</tr>
<tr>
<td>55</td>
<td>Norton Sound Health Corporation</td>
<td>Health Care</td>
<td>432</td>
</tr>
<tr>
<td>62</td>
<td>ASRC Energy Services Pipeline Power &amp; Comm,</td>
<td>Oil Field Services</td>
<td>404</td>
</tr>
<tr>
<td>74</td>
<td>Bristol Bay Area Health Corporation</td>
<td>Health Care</td>
<td>358</td>
</tr>
<tr>
<td>94</td>
<td>Petro Star</td>
<td>Refinery/Retail Gasoline</td>
<td>283</td>
</tr>
<tr>
<td>97</td>
<td>Association of Village Council Presidents</td>
<td>Social Services</td>
<td>269</td>
</tr>
</tbody>
</table>

Figure 9

ANC Regional Corporation Mission Statements

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahna, Incorporated</td>
<td>Ahna, Inc., a growth-oriented company, will enhance the overall well-being of its shareholders with monetary dividends, employment and educational opportunities through diversified investments, and support a strong sense of cultural pride and identity. Ahna will implement ANCSA for the benefit of its shareholders through the wise stewardship of land and natural resources and through sustained growth for the future generations.</td>
</tr>
<tr>
<td>The Aleut Corporation</td>
<td>Our mission is to maximize profits, provide benefits to our shareholders, and preserve our culture.</td>
</tr>
<tr>
<td>Arctic Slope Regional Corporation</td>
<td>To actively manage our lands, resources, diversified operating subsidiaries, and investments throughout the world in order to enhance Iñupiat cultural and economic freedoms.</td>
</tr>
<tr>
<td>Bering Straits Native Corporation</td>
<td>To improve the quality of life of our people through economic development while protecting our land, and preserving our culture and heritage.</td>
</tr>
<tr>
<td>Bristol Bay Native Corporation</td>
<td>Enriching our Native way of life.</td>
</tr>
<tr>
<td>Calista Corporation</td>
<td>Provides sound, progressive, business ventures which promote self-determination, and economic and social well-being that improves the quality of life for those we serve. Our success will be measured by increased regional employment, corporate profits, and shareholder benefits.</td>
</tr>
<tr>
<td>Chugach Alaska Corporation</td>
<td>Chugach Alaska Corporation is committed to profitability, celebration of our heritage, and ownership of our lands.</td>
</tr>
<tr>
<td>CIRI</td>
<td>Our mission is to promote the economic and social well-being and Alaska Native Heritage of our shareholders; now and into the future, through prudent stewardship of the company’s resources, while fostering self-sufficiency among CIRI shareholders and their families.</td>
</tr>
<tr>
<td>Doyon, Limited</td>
<td>To continually enhance our position as a financially strong Native corporation in order to promote the economic and social well-being of our shareholders and future shareholders, to strengthen our Native way of life, and to protect and enhance our land and resources.</td>
</tr>
<tr>
<td>Koniag, Inc.</td>
<td>Our mission is to optimize profits, and to provide dividends and benefits, while preserving our cultural pride.</td>
</tr>
<tr>
<td>NANA Regional Corporation, Inc.</td>
<td>We improve the quality of life for our people by maximizing economic growth, protecting and enhancing our lands, and promoting healthy communities with decisions, actions, and behaviors inspired by our Iñupiat Values, and consistent with our Core Principles.</td>
</tr>
<tr>
<td>Sealaska Corporation</td>
<td>Sealaska’s philosophy is to protect and grow our corporate assets to provide economic, cultural, and social benefits to current and future generations of our shareholders.</td>
</tr>
<tr>
<td>The 13th Regional Corporation</td>
<td>Our mission is to allocate resources for our subsidiaries to flourish and oversee investments for the benefit of our shareholders.</td>
</tr>
</tbody>
</table>
A Legacy Of Philanthropy

The stronger the Alaska Native Corporations are economically, the greater the chance for cultural perseverance. The economic strength results in a stronger voice in state policies, and it allows for the creation of new entities which are building their own enduring foundations. For example, some of the foundations created by the corporations have significant endowments. Also, profits developed through business ventures allow the firms to distribute dividends and generate wealth from diverse operations, including those utilizing the natural resources from the land.

The corporations also make contributions and support scholarships that help promote continued progress. Scholarships, combined with future employment opportunities, result in significant and long-term positive social impact for Alaska Natives. The total scholarship dollar amount funded in 2004 from the 42 Native firms was $5.4 million. Not included in this figure are the significant contributions that have been made to endowments.

Several of the Native Regional Corporations, such as The Aleut Corporation; Arctic Slope Regional Corporation; Bering Straits Native Corporation; CIRI, Dixon, Limited; Konig, Inc.; NANA Regional Corporation, Inc.; and Sealaska Corporation, have educational foundations with endowments. The endowments range from The CIRI Foundation’s more than $46 million to those that are just getting started with several hundred thousand dollars. Over time, the endowments may fund scholarship and foundation efforts in perpetuity.

According to Michele Brown, president of United Way of Anchorage, the $567,185 contributed to the United Way campaign in 2005 by Alaska Native Corporations and their subsidiaries is a critical piece of the agency’s overall fundraising efforts. The entire campaign reached a total of about $9.2 million in 2005.

"United Way of Anchorage very much appreciates the generous contributions of the Alaska Native Corporations. Not only do those contributions help ensure a comprehensive system of care in our community to serve Natives and non-Natives alike," Brown said, "it also serves as a major investment in the non-profit sector, which is an important source of employment and economic development."

Brown believes that Alaska Native Corporation involvement in both economic development and the social well-being of residents makes them a particularly valued partner.

Conclusion

The corporations generally pay out a higher percentage of their net income as dividends than publicly held business corporations, and they have made substantial philanthropic contributions in the form of scholarships and other charitable donations.

Alaska Native Corporations have had and continue to have a major impact on Alaska's economy. This report has covered total revenues, employment, and philanthropy for 42 ANCs. The entire impact of all ANCs and Native non-profit organizations has yet to be measured.

About The Authors

Alexandra J. McClanahan is the CIRI Historian. In 2001, she was the recipient of the Denai Award, the highest award made to a non-Native each year by the Alaska Federation of Natives. Cindy Ahmed serves as staff for the Association of ANCSA Regional Corporation Presidents/CEOs. We are grateful to Sarah Luken for providing her expertise on ANCs’ 40(a) contracting, and to Iris Johnson, Chugach Alaska Corp. for assisting in data collection. Graphic design by Walsh Sheppard Frye.

Acknowledgements

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