AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

NATIVE 8(A) CONTRACTING: EMERGING ISSUES

HEARING

BEFORE THE

SUBCOMMITTEE ON INVESTIGATIONS, OVERSIGHT, AND REGULATIONS

OF THE

COMMITTEE ON SMALL BUSINESS UNITED STATES HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

HEARING HELD
OCTOBER 22, 2019

Small Business Committee Document Number 116–053
Available via the GPO Website: www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE
38–060 WASHINGTON : 2020

HOUSE COMMITTEE ON SMALL BUSINESS

NYDIA VELÁZQUEZ, New York, *Chairwoman*
ABBY FINKENAUER, Iowa
JARED GOLDEN, Maine
ANDY KIM, New Jersey
JASON CROW, Colorado
SHARICE DAVIDS, Kansas
JUDY CHU, California
MARC VEASEY, Texas
DWIGHT EVANS, Pennsylvania
BRAD SCHNEIDER, Illinois
ADRIANO ESPAILLAT, New York
ANTONIO DELGADO, New York
CHRISSY HOULAHAN, Pennsylvania
ANGIE CRAIG, Minnesota
STEVE CHABOT, Ohio, *Ranking Member*
AUMUA AMATA COLEMAN RADEWAGEN, American Samoa, *Vice Ranking Member*
TROY BALDERSON, Ohio
KEVIN HERN, Oklahoma
JIM HAGEDORN, Minnesota
PETE STAUBER, Minnesota
TIM BURCHETT, Tennessee
ROSS SPANO, Florida
JOHN JOYCE, Pennsylvania
DAN BISHOP, North Carolina

MELISSA JUNG, *Majority Staff Director*
JUSTIN PELLETIER, *Majority Deputy Staff Director and Chief Counsel*
KEVIN FITZPATRICK, *Staff Director*

CONTENTS

OPENING STATEMENTS

	Page
Hon. Judy Chu	1
Hon. Ross Spano	3

WITNESSES

Mr. Seto Bagdoyan, Director, Forensic Audits and Investigative Service, United States Government Accountability Office, Washington, DC	5
Mr. Joe Valandra, Executive Director, Native American Contractors Association, Washington, DC	17
Ms. Annette Hamilton, Chief Operating Officer, Ho-Chunk Inc., Winnebago, NE	19
Mr. Edwin A. (Skip) Vincent, Chairman and Founder, The Hawaii Pacific Foundation, Honolulu, HI, testifying in his role as board member of the Native Hawaiian Organization Association (NHOA)	21
Ms. Jana Turvey, President and CEO, Leisnoi, Anchorage, AK, testifying on behalf of the Alaska Native Village Corporation Association	23
Ms. Christine V. Williams, Managing Partner, Outlook Law LLC, Anchorage, AK	24

APPENDIX

Prepared Statements:	
Mr. Seto Bagdoyan, Director, Forensic Audits and Investigative Service, United States Government Accountability Office, Washington, DC	35
Mr. Joe Valandra, Executive Director, Native American Contractors Association, Washington, DC	52
Ms. Annette Hamilton, Chief Operating Officer, Ho-Chunk Inc., Winnebago, NE	63
Mr. Edwin A. (Skip) Vincent, Chairman and Founder, The Hawaii Pacific Foundation, Honolulu, HI, testifying in his role as board member of the Native Hawaiian Organization Association (NHOA)	72
Ms. Jana Turvey, President and CEO, Leisnoi, Anchorage, AK, testifying on behalf of the Alaska Native Village Corporation Association	86
Ms. Christine V. Williams, Managing Partner, Outlook Law LLC, Anchorage, AK	94
Questions and Answers for the Record:	
Questions from Hon. Don Young to Mr. Joe Valandra and Answers from Mr. Joe Valandra	106
Questions from Hon. Don Young to Ms. Annette Hamilton and Answers from Ms. Annette Hamilton	122
Questions from Hon. Don Young to Mr. Edwin A. (Skip) Vincent and Answers from Mr. Edwin A. (Skip) Vincent	126
Questions from Hon. Don Young to Ms. Jana Turvey and Answers from Ms. Jana Turvey	169
Questions from Hon. Don Young to Ms. Christine V. Williams and Answers from Ms. Christine V. Williams	187
Additional Material for the Record:	
2018 Economic Impact Study of Ho-Chunk Incorporated	193
2019 Economic Contributions of Ho-Chunk, Inc. to the Winnebago Indian Reservation, Iowa, Nebraska, South Dakota and the U.S.	206
Statement of Katherine Carlton, President, Chugach Education Services, Inc.	262
Statement of Tiffany Flowers, Assistant to the President, Chugach Government Solutions, LLC	266
Statement of Carl H. Marrs, Chief Executive Officer, Old Harbor Native Corporation	270

Page

Additional Material for the Record—Continued
Statement of Kim Reitmeier, Executive Director of ANCSA Regional Association 289

NATIVE 8(A) CONTRACTING: EMERGING ISSUES

TUESDAY, OCTOBER 22, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON INVESTIGATIONS,
OVERSIGHT, AND REGULATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:04 a.m., in Room 2360, Rayburn House Office Building, Hon. Judy Chu [chairwoman of the Subcommittee] presiding.

Present: Representatives Chu, Craig, Spano, and Burchett.

Also Present: Representatives Kim, Davids, Chabot, and Young.

Chairwoman CHU. Good morning. The Committee will come to order.

I am pleased to be chairing this hearing today to discuss the 8(a) business development program as it applies to Native 8(a) contractors. And I would like to thank everyone for joining us this morning, especially the witnesses.

In the 116th Congress, this Committee has been committed to taking a closer look at the various SBA contracting programs. Earlier this year, we held an oversight hearing on the women-owned small business program, followed by a hearing where we discussed the contracting programs that help veterans bridge the gap between military service and entrepreneurship.

Most recently, we examined the 8(a) business development program, which had not been the subject of a hearing for more than a decade.

Today's hearing is a continuation of those efforts in which we will be discussing the 8(a) business development program as it applies to 8(a) Native contractors.

Last year alone, the Federal Government awarded more than $550 billion in contracts for goods and services, with nearly $18 billion going to firms participating in the 8(a) business development program. The 8(a) program has helped to level the playing field for small businesses owned by at least 51 percent socially and economically disadvantaged individuals. Moreover, it provides increased access to the Federal marketplace and business development assistance to thousands of small firms each year.

In the 1980s, the 8(a) program was expanded to include small businesses owned by three disadvantaged groups: Indian Tribes, Alaska Native Corporations, or ANCs, and Native Hawaiian Organizations, or NHOs. By including these groups in the 8(a) program, Congress sought to harness the purchasing power of the Federal

Government to address the disproportionate levels of economic hardship experienced by indigenous communities. In fact, one in four American Indians and Alaska Natives were living in poverty in 2012.

By including Tribes, ANCs, and NHOs in the 8(a) program, Congress helped to foster economic development and help Native communities achieve self-sufficiency. Today, there are approximately 1,000 firms owned by Indian Tribes, ANCs and NHOs participating in the 8(a) program.

This hearing will focus on the 8(a) program as it relates to group-owned Native contracting firms, which differs in some ways to how individually owned firms interact with the program. For example, while individual owners and their firms can only participate once in the program, there is no limit as to the number of times Indian Tribes, ANCs, and NHOs can participate. Consequently, they can confer program eligibility to small businesses for up to 9 years each. And unlike individually owned businesses, group-owned 8(a) contractors that are Native may receive sole source contracts in any dollar amount.

These differing requirements and additional benefits are a reflection of the social responsibility borne by these groups. Native 8(a) contractors, unlike individually owned firms, use their profits to directly benefit entire communities or of hundreds or thousands of disadvantaged individuals. The success of group-owned Native 8(a) firms is directly connected to the provision of much needed services to each and every member of the community.

The important objectives and worthwhile purposes of the Native 8(a) program is not in question. However, there are longstanding problems with SBA's oversight and implementation of the program which this Committee intends to address.

For instance, SBA revised its regulations regarding the 8(a) program in 2011, which included changes applicable to Native contractors. Among them, SBA prohibited the award of sole source contracts to Native 8(a) contractors if the contract was previously and immediately performed by a sister company. Additionally, it made technical updates to prevent sister companies with same NAICS code, N-A-I-C-S code, from participating in the 8(a) program simultaneously.

Following the issuance of these regulations, GAO conducted two reports focused on Native 8(a) contracting, one in 2012 and another in 2016. Troublingly, these reports found that SBA did not have the adequate resources and lacked critical data to enforce these regulations. Moreover, the 2016 GAO report found that there are systemic issues that impede SBA's Alaska district office from providing proper oversight, including weaknesses in SBA's data collection, supervisory review, staffing, and guidance that restrict the agency's ability to determine whether the program is achieving its objectives.

In addition to the GAO's findings, this summer, the Los Angeles Times published reports of business owners misrepresenting themselves as Native American in order to benefit from the program. SBA has stated that it did not violate rules in certifying these contractors and attributes their eligibility to the regulations that were in place prior to 2011 when individual contractors were not re-

quired to be enrolled members of a federally or State-recognized Indian Tribe in order to participate.

We know from our recent hearing that certification of 8(a) firms has been a longstanding issue for the SBA, but it is our responsibility to conduct thorough oversight of these allegations, and this hearing will help us follow the facts and ensure that SBA is responding to these allegations adequately.

We owe all businesses in the 8(a) program, including those from Native communities, the certainty that the program is operating as Congress intended. It is also our job to ensure that the successes of Native 8(a) contractors, which empower and help communities become self-sufficient, are not overshadowed by the inability of SBA to properly manage the program.

Today's hearing will provide us with the opportunity to hear about the oversight issues from GAO. We will also learn from program participants about the importance of the 8(a) program, its performance, and what it means for Native communities. It is through this oversight that we will gain the tools we need to strengthen the 8(a) program.

I had hoped to hear from all of you in person, but because of a markup of the prescription drug bill in the Ways and Means Committee, I will unfortunately need to depart early, but I will stay as long as I possibly can.

And I want to thank all of our witnesses for their attendance and insights into this important topic.

And I would now like to yield to the Ranking Member, Mr. Spano, for his opening statements.

Mr. SPANO. Thank you, Madam Chairwoman, for holding this important oversight hearing today that will examine the specially recognized groups operating within the SBA's 8(a) program.

I would like also to take a moment to thank Congressman Don Young, the dean of our House here, for his attendance and interest in our committee's exploration of the 8(a) program, which is a program vital to his home State of Alaska. Since this is the SBA's longest running and most well-established business development program, it is critical that we take the time to assess whether the program is operating efficiently and effectively as Congress intended.

In the 1980s and in the 1990s, Congress determined that certain disadvantaged groups should be given special consideration within the 8(a) program. These groups include Native American Tribes, Alaskan Native Corporations, Native Hawaiian Corporations, and Community Development Corporations. In addition, the 8(a) program requirements were modified or relaxed to a certain degree for these groups in comparison to the requirements for individuals participating in the 8(a) program.

Given that there are significant differences in the way that the 8(a) groups utilize the program compared to 8(a) individuals, it is important for this Committee to understand the distinction between them and the unique responsibilities 8(a) groups are required to undertake. For instance, the relaxed rules allow federally recognized groups to form multiple 8(a) small subsidiaries in multiple industries, while 8(a) individuals and respective firms may

only participate in the program once, as the Chair mentioned a moment ago.

Also, while 8(a) individuals are responsible for the growth and development of their own business, 8(a) groups are responsible for providing a wide variety of benefits to their members, such as shareholder dividends, employment assistance programs, scholarships and internship opportunities, cultural preservation initiatives, and other benefits.

A number of shareholders belonging to an 8(a) group can range from a hundred to over a thousand, and the benefits provided to them may vary depending upon the specific needs of the shareholders in those regions. Thus, contract awards made to 8(a) groups may have a direct and compelling effect on the broader communities in which these groups serve.

In addition to understanding the differences between 8(a) groups and 8(a) individuals, it is also important for this Committee to assess whether the SBA is conducting adequate oversight to ensure taxpayer dollars are being spent wisely and within the bounds that are established by law and regulation.

Utilization of the 8(a) program by these specially recognized groups has risen exponentially over the last several decades, prompting the Government Accountable Office to undertake a series of reviews spanning from 2006 to 2016. The GAO has historically found weaknesses limiting the SBA's ability to monitor compliance with 8(a) program requirements, which raises questions as to whether all program participants, individually owned or group owned, are in full compliance with all laws and regulations governing the program.

So while the SBA has taken some steps toward improving its monitoring processes over the years, the GAO still found deficiencies in SBA oversight in its 2016 report, which raises questions as to whether some 8(a) groups may be operating outside of regulation.

While there are certain complexities and details unique to the 8(a) program's application to these federally recognized special groups, it is crucial to keep in mind the original congressional intent of the 8(a) program as a business development program intended to provide full and fair opportunity for full participation by socially and economically disadvantaged persons in our free enterprise system. It is in the best interest of our Nation's economy to ensure that this program yields high quality, productive, and successful small businesses and entrepreneurs.

I look forward to hearing the testimony of all our witnesses today.

Thank you, Madam Chairwoman. I yield back.

Chairwoman CHU. Thank you, Mr. Spano.

The gentleman yields back.

And if Committee members have an opening statement prepared, we would ask that they be submitted for the record.

I would like to just take a minute to explain the timing rules. Each witness gets 5 minutes to testify and each member gets 5 minutes for questioning. There is a lighting system to assist you. The green light will be on when you begin, and the yellow light will come on when you have 1 minute remaining. The red light will

come on when you are out of time, and we ask that you stay within that timeframe to the best of your ability.

Today, we will have two panels of witnesses. I would now like to introduce the witness for our first panel, Mr. Seto Bagdoyan. Mr. Bagdoyan is currently the director for audit services in GAO's Forensic Audits and Investigative Service mission team.

During his GAO career, Mr. Bagdoyan has served in a variety of positions, including as legislative advisor in GAO's Office of Congressional Relations and as assistant director for Homeland Security and Justice. He has also served on congressional details with the Senate Finance Committee and House Committee on Homeland Security.

In his private sector career, Mr. Bagdoyan has held a number of senior positions in consultancies. He earned a BA degree in international relations and economics from Claremont McKenna College, located in my district, and an MBA in strategy from Pepperdine University.

Mr. Bagdoyan.

STATEMENT OF SETO BAGDOYAN, DIRECTOR, FORENSIC AUDITS AND INVESTIGATIVE SERVICE, UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE, WASHINGTON, DC

Mr. BAGDOYAN. Thank you, Chairwoman Chu, Ranking Member Spano, Mr. Young, members of the Subcommittee. First, I am grateful for some additional time, if I may, to deliver my full remarks, and I will try to stay within 5 minutes as you suggested.

I am pleased to appear before you today to discuss, at a high level, three past GAO reports that address control weaknesses and compliance risks involving SBA's monitoring and oversight of its 8(a) program for certain disadvantaged firms that you described earlier, such as those owned by Native businesses, namely ANCs, NHOs, and Indian Tribes.

The 8(a) program is one of the Federal Government's primary vehicles for helping develop socially and economically disadvantaged small businesses. One of its key aspects is the ability for Native firms to receive Federal contract awards noncompetitively for any amount. As such, the 8(a) program represents a substantial investment by the Federal Government in the form of contract awards by procuring agencies. For example, in fiscal year 2019, such investment entailed about $10.9 billion in obligations for sole-source and competed contracts awarded under SBA's business development program, including about $4 billion for Native firms.

Over the years, the 8(a) program has incorporated many complex rules, which, and I cannot emphasize this enough, render effective oversight of regulatory compliance, a significant long-term challenge for SBA. In essence, as I will describe below, its controls are not tailored to deal with the program's complexities.

With that in mind, I will now summarize four key control weaknesses described in our three reports that, collectively, undermine SBA's monitoring and oversight of the Native 8(a) program and exacerbate a number of compliance risks.

First, incomplete, inconsistent, or missing documentation and other evidence in relevant contract files, such as offer and acceptance letters to gauge ANC-owned firms' adherence to regulatory re-

quirements. Second, limitations in the ability to obtain and track and share across geographical locations key program data needed to enforce its own important revenue and other rules. Third, insufficient staffing and relatedly atypical workloads in the Alaska District Office to carry out necessary and critical monitoring and oversight tasks in timely fashion. And, fourth, inadequate or vague program guidance and procedures that otherwise would clearly articulate to staff how to interpret new regulations and review complex financial documentation.

As I mentioned, these weaknesses collectively pose significant compliance risks, which are of particular interest to this Subcommittee, such as, one, the award of sole-source follow-on contracts to Native 8(a) firms, even though a contract was performed immediately prior by other firms of the same parent companies; and, two, sister subsidiary firms generating the bulk of the revenue in the same primary line of business using a secondary code. This practice circumvents the intent of regulations that prohibit sister subsidiaries from earning most of their revenue in the same industry.

In our three reports, we made 21 recommendations to SBA. To date, the agency has implemented 15 recommendations, and 6 have not been implemented, including those related to tracking or sharing revenue NAICS code data.

For example, unimplemented recommendations include establishing a fundamental control, i.e., collecting and analyzing revenue and other important data from procuring agencies and Native 8(a) firms to track and ensure that subsidiaries are not generating the majority of their own revenue in the same primary industry by using a secondary code. Implementing this recommendation as intended could help mitigate one of the program's principal compliance risks.

I would note that since we have not performed any new work since our 2016 report, we don't know the extent to which, if any, SBA's implementation of some of our recommendations has helped mitigate the various oversight and monitoring weaknesses we have identified. However, I would note that separate reports since that time by other GAO teams and SBA's Office of Inspector General suggest that the weaknesses persist. The control weaknesses I have described today are systemic to the program and longstanding and have appeared consistently across multiple GAO reports, as SBA has struggled to articulate and execute an effective oversight and monitoring strategy to ensure compliance.

Accordingly, it is imperative that SBA devote full attention to its oversight responsibilities and redouble its efforts to address the control weaknesses we have identified by expeditiously implementing our remaining recommendations as intended, while taking into consideration the many complexities of the program.

Chairwoman Chu, this concludes my remarks. I look forward to the Subcommittee's questions.

Chairwoman CHU. Thank you.

We appreciate all that you have shared with us, and I will begin by recognizing myself for 5 minutes.

On June 26, 2019, the Los Angeles Times published a report saying that more than $300 million in Federal and State contracts re-

served for Native Americans had been awarded since 2000 to companies whose owners made unsubstantiated claims of being Native American. These allegations concern individual business owners who participated in the 8(a) program as opposed to businesses owned by Native Tribes, ANCs, or NHOs.

Now, SBA has stated that it did not violate rules in certifying contractors for the 8(a) program and attributed their eligibility to the regulations that were in place prior to 2011, when a contractor seeking minority status as Native American was required to have held himself or herself out as Native American and be recognized by others as a member of a Native American community. The regulations did change in 2011, and SBA now requires an individual to be an enrolled member of a federally or State-recognized Indian Tribe in order to be considered an American Indian for the purpose of being determined socially disadvantaged.

So, Mr. Bagdoyan, has the GAO studied these concerns within the context of the SBA's 8(a) program?

Mr. BAGDOYAN. Madam Chairwoman, we have not. In fact, the last relevant work we performed was about 9 to 10 years ago. So it is probably overdue that we take a look here. So I would be happy to work with Committee staff to arrive at a request that we can implement for you.

Chairwoman CHU. Yes, we would certainly like to put forth that request for that to be studied.

Mr. BAGDOYAN. Sure. But I would note that it is, obviously—certification determines eligibility into the program and is a fundamental part of a control system to make sure that only those who are intended to participate should participate, so—and I am familiar with the LA Times stories.

Chairwoman CHU. Do you believe that there are deficiencies with regard to SBA's determination as to whether a contractor is indeed a member of a federally recognized Tribe?

Mr. BAGDOYAN. All I have to go by is what was referred to in the LA Times articles, but I would note that the SBA Inspector General has noted in recent reports that determining eligibility is an ongoing concern for the agency, as well as identifying those who have snuck through and removing those entities. So it is a related issue, and it is basically a fundamental controls issue from the front to the end.

Chairwoman CHU. Let me ask this. The regulations changed in 2011, and both of your GAO reports, the 2012 report and the 2016 report, both found that SBA did not have the adequate resources and lacked critical data to enforce the regulations. And, in fact, you found quite large systemic issues pertaining to the Alaska office, where you found that there were problems with everything from data collection and supervisory review, staffing and guidance, and basically many problems.

This has been ongoing now. The changes occurred in 2011. So now this is 8 years. Why has this not been remedied?

Mr. BAGDOYAN. Well, it is hard to say. As I mentioned, we haven't done any work since 2016 to see whether the recommendations have had any impact, but I would say that these problems are not unique to SBA, and the fact that they are longstanding shows that there is a fundamental issue with, potentially, management

priority and oversight of the implementation of the recommendations. Again, I would say that these are longstanding. They have been corroborated varyingly by other GAO teams and the OIG.

And just a note on the 2011 regulation that you mentioned. It is our understanding that the guidance to help SBA staff implement that regulation was not available until sometime in 2016. So it basically took about 5 years to finalize the guidance and make it available for their own staff. So that is an issue as well.

Chairwoman CHU. The guidance to implement the regulations took that long?

Mr. BAGDOYAN. That is correct. That is right.

Chairwoman CHU. Is this normal?

Mr. BAGDOYAN. I am not sure if it is normal, but it certainly should not happen, certainly for that duration. I realize that the program is complex, as I mentioned, and that guidance might reflect that complexity, but, you know, the expeditious implementation of guidance, which we recognized in our reporting—that was lacking at the time. So there was much confusion about what to do and how to do it.

And I would note, if I may, not just by SBA staff, but also procuring agency staff, including contracting officers. So that is an important tip-of-the-spear type of proposition that, if the agency people who are letting the contracts don't know exactly what they are supposed to do, is a problem.

Chairwoman CHU. Thank you. My time has now expired.

The Ranking Member, Mr. Spano, is now recognized for 5 minutes.

Mr. SPANO. Thank you, Madam Chairwoman.

Thank you, Mr. Bagdoyan. One recommendation that you note is to significantly advance SBA's oversight in improving its ability to track and share revenue information for ANC-owned firms. And as of your 2016 report, you indicated that the SBA still had not implemented such a system. There was no such system in place to track that information.

Can you help the Committee understand the implication of this lack of framework by describing in more detail the harm or risk associated or that is imposed to the program due to the lack of SBA's oversight as it relates to tracking that information about revenue?

Mr. BAGDOYAN. Thank you for your question, Mr. Spano. Yes, I would note that that information is vital. Again, it is embedded in the control system. Everything revolves around information and data. Especially in this case, tracking revenues plays directly into the same industry participation by multiple subsidiaries of one parent company, which is one of the, I think, the compliance risks that is of principal importance to this Subcommittee.

So at the time of our work, SBA had actually committed to standing up such a system, but after some time elapsed, we found that the system was—or the proposed system was—incompatible with existing SBA systems. So, right now, it is my understanding that SBA essentially has a spreadsheet system that takes information from FPDS, Federal Procurement Data System, and that is essentially a patchwork approach.

FPDS only has obligation data in its purview, and what we are looking for is actual revenue data. Obligations can understate or

overstate the extent of the sales angle, if you will. Actual revenue data would be important.

So I would leave it at that, and that the entire control system would revolve around making sure that SBA has revenue data to inform its decisionmaking.

Mr. SPANO. So just to summarize, the entire intent and guidance with respect to the law that was passed with respect to the ANCs is completely thwarted by SBA's inability to track this information.

Mr. BAGDOYAN. Yes. I mean, revenue information is at the heart of the matter.

Mr. SPANO. Got it.

Mr. BAGDOYAN. Without that, you can't really enforce the regulation as intended.

Mr. SPANO. Yeah. It is concerning to me, I am sure as well to the other Committee members, that the SBA doesn't have accurate numbers on even basic information, such as the number of ANC-owned firms in the 8(a) program. How can you not know what that number is? It is a pretty basic number, I would think.

Has the SBA, in its response to your 2016 report, indicated that it would improve in this regard, and have you seen any evidence of such improvement?

Mr. BAGDOYAN. Well, I would say that the agency at the time agreed with five of our six recommendations. And, again, since we haven't followed up with in-depth audit work, we don't know what, beyond the paper trail that was provided to us from the agency telling us what they intended to do, actually translated into useful, sustainable action. That is the key. You have a plan. You have got to execute it and then see if it is working.

Mr. SPANO. Sure. So they may have done something, but there is no way to tell whether what they have done potentially has had any positive impact?

Mr. BAGDOYAN. That is right. I mean, give them at least some credit that things may have turned around in some areas, but, lacking audit work, I just can't tell you definitively.

Mr. SPANO. Yeah. Thank you.

Mr. Chair, I yield.

Mr. KIM. [Presiding] Great. Thank you.

Good morning, Mr. Bagdoyan.

Mr. BAGDOYAN. Good morning, Mr. Kim.

Mr. KIM. I am Congressman Kim just taking over the chair here.

I just wanted to ask a question or two before I hand it off to my colleagues, and I may follow up at the end. But one of the issues highlighted by both GAO reports was about the lack of necessary resources and data to be able to enforce regulations.

For example, there are regulations that prohibit the award of follow-on sole source contracts, if that contract was previously performed by a sister company. However, both reports found instances where agencies were not providing the information needed to enforce this regulations and that SBA was not following up to obtain the information.

GAO made several recommendations to improve this process. Could you please expand on your findings, and tell us why SBA is having so much difficulty collecting this information?

Mr. BAGDOYAN. Sure. Thank you for your question, Mr. Chairman. Yes, it is problematic. We did find, in our file reviews, that key information such as the acquisition history, for example, of certain contracts was either missing or incomplete. The offer letters, acceptance letters that are also part of the file, in some instances failed to shed information in that regard.

I think what you mentioned about the follow-on, that is the key. I think it is, at best, based on our experience, uneven. At the time of our report, there was one individual business opportunity specialist who had actually started to do this at the Alaska District Office, but once more, I will invoke the lack of follow-on work that we have done since 2016 to say that we don't really know whether this setup was expanded within the district office and other district offices. Mind you, there are about five dozen or so—don't quote me on that—district offices around the country.

So the key is follow-on. If you don't have information, data, or the data are incomplete or silent on certain things, you have got to go out there and follow on and follow up, and put the onus on the agencies that are letting these contracts to respond and respond completely.

Mr. KIM. I appreciate that.

Another issue that may very much require that type of follow-on. In the 2012 GAO report, it describes practices such as capitalizing on common corporate resources that allow sister companies to effectively operate as large firms in the small business program. This is something I just wanted to hear a little bit more from you on. If you can just expand on this concern, and help me understand, help us understand the significance of that finding.

Mr. BAGDOYAN. Right. So, I'm trying to find the right answer for you in my notes.

Let me get back to you on that one, if I may, rather than give you an incomplete answer.

Mr. KIM. I would appreciate that.

Mr. BAGDOYAN. I have got a lot on my binder here, and it is kind of tough to follow up.

Mr. KIM. Yeah, not a problem.

Mr. BAGDOYAN. My apologies.

Mr. KIM. What we will do is we will get back to that one. We will go through some of my other findings.

Mr. BAGDOYAN. Sure.

Mr. KIM. And then at the end, if you feel like you can find it, at that point——

Mr. BAGDOYAN. Absolutely.

Mr. KIM. One last thing before I hand it over. When it comes to Native 8(a) contractors, affiliates are not considered in size determinations unless it is determined that a small business will or is likely to obtain a substantial unfair competitive advantage. However, according to the 2012 report, SBA did not have a process to make such determinations.

So I guess I want to understand is, does GAO know if SBA has created this process, and what is the importance of determining whether there is a substantial unfair competitive advantage?

Mr. BAGDOYAN. Sure. Thank you for that question. Yes, we are aware that SBA has an approach to deal with the unfair competi-

tive advantage process. I believe, again, based on the information we have, which isn't much, it involves using NAICS codes and FPDS in some sort of combination, but the agency has not provided us with any detail as to how this system is put together, how it is to function in its intended purpose. But, again, I would note that relying on FPDS, which only deals with obligation information, is probably an incomplete way to go in this regard.

Mr. KIM. Okay. I appreciate that.

Well, my time has run out, so why don't we just keep going forward. And we will try to return to that question if you have it.

I am just going turn it over to my colleague, Representative Burchett, for his questions.

Mr. BURCHETT. Thank you, Mr. Chairman.

Pronounce your name for me, Brother. I am sorry. Everyone messes up my name, but——

Mr. BAGDOYAN. No worries, sir. Last name is pronounced Bagdoyan.

Mr. BURCHETT. Bagdoyan. All right. I got it right, but I won't ever say it again. I got it right that time.

Mr. BAGDOYAN. Quit while you are ahead, right?

Mr. BURCHETT. Yes, sir.

Your testimony, my question partially has been answered, but I'd like to dig gown through it if I could. Your testimony mentions 21 recommendations that the GAO has for the SBA. And what would you think would be the most difficult thing in implementing this? Of course, you pretty much answered that. But do you think that Congress should be more assertive in making sure those concur, and what are we doing to make sure that you succeed?

Mr. BAGDOYAN. Well, that is a great question. I think a hearing such as this is one of the better venues to certainly frame the control weakness and compliance issues that we have found. Again, this dates back to at least 2006. I would like to point that out. These are persistent issues that do need sustained congressional attention. I will be perfectly candid. We can only take it so far with our audit work, as can the OIG, but I think this type of hearing with the type of questions that you are asking are absolutely imperative to keep the soft pressure on the agency, any agency for that matter, to respond to the many findings that we have, and our recommendations as well.

Mr. BURCHETT. Do you feel like we are doing what we need to do to bear the fruit, I guess, as we should say?

Mr. BAGDOYAN. I think—again, I will say that a hearing like this one is very important, and I appreciate being here. Certainly, everybody can do more and create a roadmap for strong controls and oversight and compliance. That is what this is all about; make sure that the program is functioning as intended. I think that is our mutual goal.

Mr. BURCHETT. All right. Thank you, Mr. Chairman. I will yield back the 2 minutes and 50 seconds of my questioning back to you, if you would like to further—I know you had some more questions.

Mr. KIM. Well, I will pass that forward just so that we can give some of our colleagues the time.

Mr. BURCHETT. All right. Thank you, Brother.

Mr. KIM. I appreciate that.

I am going to turn it over to Congresswoman Davids for her line of questioning.

You are recognized for 5 minutes.

Ms. DAVIDS. Thank you, Chairman.

And I just want to say thank you to Chairwoman Chu for allowing me to sit on this panel today. I am not a member of the Subcommittee on Investigations, Oversight, and Regulations. So I appreciate my colleagues allowing me to be a guest here.

So you just said that one of the goals of the GAO report is to help ensure that the 8(a) program is functioning as intended. And I am curious, if you could talk a little bit about—after reading through your testimony, I am wondering if the lack of investment in human capital, which we have seen as an issue at SBA—last week or the week before, there was an IG report that we heard about in the hearing that noted the lack of human—investment in human capital at SBA and it causing management issues, in addition to the inability of SBA to track the number of 8(a)-certified firms and the fact that we have got clear indications that there are probably firms that are claiming to be Native that are not.

I am curious if, in your examination, if you found or determined that there were any risks of the Federal Government violating its trust responsibility to Tribes. And when we think about functioning as intended, surely the inclusion of Native Hawaiian, Native American, and Alaska Native Corporations in this is part of that trust responsibility. Can you talk a little bit about that? Because I didn't see it in your report.

Mr. BAGDOYAN. Sure. Well, you didn't see it because it wasn't really part of our scope of the audit. That is certainly a policy and intent question. Our proxy is intent—work as intended, and we build up from the controls, the processes and procedures, to make sure that whatever Congress has directed actually happens.

And if I may touch on the human-capital aspect of your remarks. We did find various issues about the level of staffing, the atypically heavy workloads that personnel in the district office, especially in Alaska, encountered, but also the fact that, as with most agencies, there would be people who would be retiring and taking all that knowledge with them, without that knowledge necessarily being institutionalized to begin with and then being passed on to those who succeed them. And then, of course, the expertise that is needed. Knowledge and expertise are complementary, obviously, to ensure effective compliance.

So as SBA tries to address that particular issue, I think it will probably be challenging for them to find the right people who know and do the right things and actually keep them. So I will leave it at that.

Ms. DAVIDS. Thank you.

So I would just encourage you—the SBA, clearly, for this specific program and many others, is responsible for the federal trust responsibility, but I would encourage the GAO in your reporting to also make sure that that is actually a part of foundational findings that you should be looking for.

The second thing I wanted to ask about is just, in terms of the oversight process, I know there have been multiple reports that

have come out. How do you—how—I guess, how would you say the effort to address the oversight concerns has been, and what do we need to do to make sure that SBA is addressing that and progressing toward meeting those oversight recommendations?

Mr. BAGDOYAN. Sure. I will take the latter part of your question first. I mean, again, I will refer to this Subcommittee hearing as one great venue. I know SBA is not involved in this hearing, but whenever they are up here, it would be a good idea to resurface the issues that we have discussed and get from them what they are doing.

I mean, we are dealing with—the program requirements are up here. The controls, as we find them, are down here. The gap between my two hands is the compliance risk, and the recommendations are designed to bring that more in balance.

Now, we made 21 recommendations, as I mentioned, in the three reports that I mentioned earlier, and SBA has implemented 15 of them. However, since we haven't performed any follow-on work since then, it is difficult to know exactly how effective those—the implementation of those—recommendations has been. I just can't comment on that. But, again, you are trying to narrow the gap of compliance, the risk of compliance by adhering to the recommendations and implementing them as intended.

Ms. DAVIDS. So really quickly, do you think that the SBA has been consistent in trying to address oversight concerns?

Mr. BAGDOYAN. I would say, candidly, it is mixed, from my experience. They have disagreed in the past with some recommendations we have made or they have partially agreed, and then they have turned around and probably thought better of it and come back and said, look, we implemented your recommendation, even though we didn't agree with it originally.

So something happens there, they may take another look and decide that, hey, you know, GAO was right after all, so we will do something about it.

Ms. DAVIDS. Thank you.

I yield back.

Mr. KIM. Thank you.

I am going to recognize my colleague from Alaska, Congressman Young. Over to you for 5 minutes.

Mr. YOUNG. Thank you, Mr. Chairman.

And I want to thank you and the Chairman, although she is not here, and the Ranking Member for letting me sit on the Committee today. This is crucially important to the State of Alaska and especially my Alaskan Natives.

I was involved in making Alaska Natives eligible for the 8(a) programs, and it is been a great success. And I think every 8(a) participant in Alaska would actually cherish the fact that they would like to make sure they are doing everything right. They have actually set up a small unit of their own, and any new 8(a) is reviewed by Alaska Natives.

This has been a successful program. And the Chairman mentioned the effect of the 8(a) program in Alaska to the Alaska Natives; it is for a large group of people, and each organization applies for it.

I was very excited because I don't think there has been one complaint—and we have to look at the end result—from any agency that the 8(a)s did work with. That is something that the people have to think about. There has been some complaints from how it was set up but not from the work they did, and we have to think about it. This program is to help Alaska Natives, American Indians, Hawaiian Natives. That is what it is set up for, and it has been a success.

The only thing about the witness today, I would like to make sure the Committee thinks about SBA being on the panel. And we talk about some of the problem they haven't done. You have submitted why they haven't done it. If it is a lack of personnel and money, then we as a Congress should supply it for them. We can't expect an agency to do the work if they don't have the whereforeall to do it. But I am very excited about this. I am excited about the witnesses that will come up later.

And, Mr. Chairman, this is a very important issue, as I said, to my State and my Alaska Natives, and I will be bird-dogging this real close.

And I thank you for your work. You have done a pretty good job. I won't agree with everything, but a pretty good job. We will review the rest of it together.

With that, I yield back.

Mr. BAGDOYAN. Thank you, Mr. Young. I appreciate the compliment.

Mr. KIM. Thank you, Congressman.

I am going to turn it over to Congresswoman Angie Craig. Over to you for 5 minutes.

Ms. CRAIG. Thank you so much, Mr. Chairman.

I want to just dig into a little bit of the 2016 report that found staffing challenges at the Alaska district office, and maybe just a little broader, that limited that office's ability to perform oversight.

You recommended that SBA develop a comprehensive approach to staffing this office, and, of course, the SBA rejected, stating it had already mitigated the potential for reoccurrence. Can you tell me a little bit about that recommendation and why the steps taken by SBA were insufficient? And as a former head of HR for a major Fortune 500 company, I am just particularly interested in your recommendation versus what was done.

Mr. BAGDOYAN. Sure. Thank you for your question. Well, you know, the staffing issue at that particular DO has been longstanding, and, as I mentioned before, there are some atypical workload issues involved there. Heavy workload creates a backlog, and backlog, for oversight purposes, is, you know, not fatal but it is very significant.

So you are correct in that originally SBA mentioned that they had a handle on the situation and essentially disagreed with the recommendation, but then, again, as I mentioned earlier, they went back and looked at it again and they ended up hiring five additional business opportunity specialists. And they had a plan at the time. Again, this is 3 years-plus, and the audit work was actually done in 2015. So, unfortunately, we are dealing with some dated information. And so they also wanted to hire an attorney with ANC

expertise to do some mentoring and guidance for staff to oversee their oversight, focusing on compliance.

So they have done a number of things, but as I have mentioned before, it is all in the execution of the recommendation and the plan that drives that from the agency, in this case SBA, and actually sustaining any positive results that you get.

I think staff turnover has been an issue. That is why the longstanding problem has been having adequate people in place with the right knowledge and expertise to perform these oversight functions.

Ms. CRAIG. How often do you see this in the district offices where there is—there are staffing and turnover issues that lead to, you know, less than optimum performance?

Mr. BAGDOYAN. Sure. Again, our focus was, in this case, the Alaska District Office. I am not sure. It may be as intense in other district offices. I mean, they are dealing with quite a bit of a workload. So—yes. So they are dealing with 400 or 500 ANCs, whereas other district offices, their workload is far less. So we didn't look at it specifically. So I would—I wouldn't really want to speculate.

Ms. CRAIG. Great.

Mr. Chairman, I have no further questions, and I yield back.

Mr. KIM. Okay. Great. Thank you.

Well, look, I appreciate everyone's questions here. Mr. Bagdoyan, thank you so much for your time here.

Oh, great. I was prepared to request as a QFR, but I am happy——

Mr. BAGDOYAN. You are welcome to do so, but——

Mr. KIM. So why don't you, since we have you, just take a minute——

Mr. BAGDOYAN. Yes, let me see what I can make of this for you. You are right that SBA has repeatedly emphasized business development, obviously, to make the businesses mature, self-sustaining, and those kinds of things. We did find practices that actually undermine this intent—the use of sister subsidiaries for subcontracting purposes. Again, up here it is the holding company. You have all the subsidiaries under here. Collectively, the holding company assists the subsidiaries. You put them all together, you basically have a large business functioning in a small-business space. And also, past performance is a key to show for future awards that, yes, we have delivered before, so do consider us as well.

So that is how I would frame this answer for you.

Mr. KIM. Well, I appreciate that. And I think just from across the board the different questions and your detailed responses, it does seem like there is a lot of important followup that needs to happen. So as the Chairwoman said before she had to leave——

Mr. BAGDOYAN. Right.

Mr. KIM.—we will work as a Committee here to determine the scope of that and the right way to move forward.

Mr. BAGDOYAN. Yes.

Mr. KIM. I am sure we will be in touch with that.

Mr. BAGDOYAN. Absolutely.

Mr. KIM. In the meantime, we do appreciate your time today——

Mr. BAGDOYAN. Thank you.

Mr. KIM.—to be able to come on out and talk with us.

Mr. BAGDOYAN. Yes.

Mr. KIM. We will be transitioning to the second panel, so why don't we just take a very quick break just to be able to set that up and then jump right in.

Mr. BAGDOYAN. Thank you very much, Mr. Chairman. I appreciate the time.

[Recess.]

Mr. KIM. Hi, everyone. We are going to get started again here on the second panel.

Thank you so much for taking the time to join us here today and to be able to talk through these issues.

I wanted to just first yield to my esteemed colleague from Alaska, Congressman Young, to introduce one of our witnesses, and then I will move into the rest.

Mr. YOUNG. Thank you, Mr. Chairman.

It is my honor today to introduce the Alaskan witness. It is Ms. Christine Williams. She is a managing partner of Outlook Law, LLC, a legal expert in government contracting law. Ms. Williams has been recognized by a national peer review group as being the top 5 percent of government contract attorneys in the Nation. Ms. Williams represents clients participating in all SBA various contracting programs, including the 8(a) program.

In addition to her responsibilities as attorney, she also serves as an adjunct law professor teaching government contracts law, and collaborations on her own time with the Small Business Administration's General Counsel's Office, training various groups on SBA regulations and operational context. Ms. Williams is a lifetime resident of the State of Alaska and has significant depth and breadth of experience with 8(a) Alaska Native Corporations.

I want to thank you for participating, Ms. Williams. I look forward to hearing your testimony. I probably won't hear it because I have to go to another meeting, but I will know what it says; later on I will read it. So just thank you for being here.

And the rest of the witnesses, thank you. I think it is crucially important on this issue you can testify on how good the 8(a) program is going.

Mr. Chairman.

Mr. KIM. Thank you. Thank you for joining us here today. You are welcome back anytime. I appreciate it.

Mr. YOUNG. Don't tempt me.

Mr. KIM. I am going to just continue on with some of the other witnesses here. Again, just grateful for your time.

Mr. Joe Valandra is the executive director of the Native American Contractors Association. He is a member of the Rosebud Sioux Tribe of South Dakota, and has over 30 years of business experience. Mr. Valandra is the managing director of VAdvisors, LLC, a specialty advisory firm in D.C. that provides consulting services and advice in areas related to business and American Indian policy.

Welcome.

Another witness we have is Ms. Annette Hamilton, who is the vice president and chief operating officer of Ho-Chunk, Inc., a corporation owned by the Winnebago Tribe of Alaska. In this position,

she overseas the daily operations of Ho-Chunk's multiple subsidiary companies and is responsible for strategic planning, budgeting, forecasting, and corporate business plans.

Welcome, Ms. Hamilton.

Ms. HAMILTON. You meant Nebraska.

Mr. KIM. I meant Nebraska, yeah. I was just testing you to make sure that you were on top of it. Good. No, thank you for that.

Mr. Vincent is the Chairman and founder of The Hawaii Pacific Foundation, a Native Hawaiian organization foundation. In 2010, he retired with the rank of brigadier general after 37 years of military service as an Active Duty member of the Hawaii Air National Guard.

Thank you for your service, sir.

Served five combat tours and held various command and staff positions at the Pentagon, Hawaii State headquarters, as well as in the field. Today, he serves on the board of several organizations, including the Asia-Pacific Economic Cooperations Disaster Response Risk Reduction Subcommittee.

Welcome, Mr. Vincent. Appreciate it.

And our final witness to introduce is Ms. Jana Turvey. She is the president and CEO of Leisnoi, Inc., an Alaska Native Village Corporation with roots on Woody Island in the Kodiak Island Archipelago. She has extensive experience in the private sector, and served as the vice president of legal affairs and general counsel at Ahtna, Inc., and as vice president of corporate affairs at the Afognak—is that correct?

Ms. TURVEY. Afognak.

Mr. KIM.—Afognak Native Corporation.

Welcome. Thank you so much for coming out here.

So why don't we just start. We will just start from this side and head on over.

So, Mr. Valandra, over to you. You are recognized for 5 minutes.

STATEMENTS OF JOE VALANDRA, EXECUTIVE DIRECTOR, NATIVE AMERICAN CONTRACTORS ASSOCIATION, WASHINGTON, DC; ANNETTE HAMILTON, CHIEF OPERATING OFFICER, HO-CHUNK INC., WINNEBAGO, NE; EDWIN A. (SKIP) VINCENT, CHAIRMAN AND FOUNDER, THE HAWAII PACIFIC FOUNDATION, HONOLULU, HI, TESTIFYING IN HIS ROLE AS BOARD MEMBER OF THE NATIVE HAWAIIAN ORGANIZATION ASSOCIATION (NHOA); JANA TURVEY, PRESIDENT AND CEO, LEISNOI, ANCHORAGE, AK, TESTIFYING ON BEHALF OF THE ALASKA NATIVE VILLAGE CORPORATION ASSOCIATION; AND CHRISTINE V. WILLIAMS, MANAGING PARTNER, OUTLOOK LAW LLC, ANCHORAGE, AK

STATEMENT OF JOE VALANDRA

Mr. VALANDRA. Thank you, Mr. Chairman.

Good morning, members of the Committee. I want to express our sincere appreciation from the Native American contractors for giving us this opportunity to express our views and concerns and recommendations related to the 8(a) program.

Please let me tell you just a little bit about myself, although the introduction did well. Thank you, Mr. Chairman. I have been the

executive director for exactly 2 weeks of NACA, and I am very pleased to be here. I am a member of the Rosebud Sioux Tribe. I am a graduate of the University of South Dakota Business School and the University of Minnesota Law School, and I welcome the opportunity to champion the mission of NACA and to continue to be a vigorous advocate for travel sovereignty and economic justice in Indian Country.

NACA was established in 2003 as a 501(c)(6) trade association with the purpose of advocating on behalf of Native community-owned Alaska Native Corporations, Native Hawaiian Organizations, and Tribal enterprises engaged in Federal contracting. NACA's mission is to protect the rights of Native American communities to create economic development through government contracting. Our members consist only of companies owned by their Native communities. NACA member enterprises impact the lives of hundreds of thousands of Natives.

Effective, transformative, powerful. These are not descriptions often associated with Federal Indian policy. NACA is pleased to say that the 8(a) program has become one of the most effective, transformative, and powerful economic tools for Indian Country.

The 8(a) program works. It helps provide economic opportunity for Native communities. No doubt much more needs to be done, but the 8(a) program is helping our Native communities in many significant ways. The 8(a) program also recognizes the Federal Government's trust responsibilities to Native people and the government-to-government relationship with Native governments.

Native-owned 8(a) businesses invest heavily in their communities. No other 8(a) participant exists solely for the benefit of entire at-risk communities. Unlike other Federal contractors, community-owned Native enterprises in the 8(a) program are required to provide annual benefit reports. These reports detail benefits provided to Native communities. The following are a few examples of how NACA members benefit their communities.

Community-owned Native enterprises are mandated to return, invest part of their profits in their communities. As noted, these benefits are vital to the stability and survival of Native communities. While the 8(a) program is an economic development program, not a jobs program, NACA members have created thousands of jobs directly and indirectly. These jobs provide significant career pathways for community members.

NACA members also provide resources to their Native communities to invest in the youth, including Head Start and early childhood education, education including Native language revitalization and scholarships for post-secondary education, vocational and job training programs, Native history and cultural preservation, infrastructure, housing, elder care, healthcare, and many other community priorities. None of this investment would be possible without Native access to the 8(a) program.

NACA strongly supports the Small Business Act and related programs because of the hope and opportunity it brings to historically disadvantaged Native communities. The 8(a) program is functioning as Congress intended, by promoting the economic well-being of Native Americans. However, we believe the reauthorization of the Small Business Act provides an opportunity to strength-

en and reinforce Congress' intent to empower Native communities to build strong, sustainable communities.

In our written testimony, we make several recommendations when considering the reauthorization of the Small Business Act. NACA stresses that any legislation that may be considered must strongly bear in mind the impacts to Indian Country. In all cases, consultation with Indian Country must be pursued before taking any action. It is imperative to consider how efforts to modernize, streamline, and improve the SBA programs, however well intended, may have unintended negative impacts on NACA member entities and Native communities that depend upon them.

No other economically disadvantaged communities rely on the SBA program the way Native communities do. I must repeat. Any proposed changes to the 8(a) program must involve extensive, meaningful consultation with impacted Native communities.

In conclusion, clearly when qualified entities participate in the 8(a) program, economies improve, communities and participants become more self-sufficient, and this is especially true for Native communities. The focus and effort afforded the Native enterprises participating in the 8(a) program is a crucial step to ensure that the Federal Government meets its unique obligations and interests in providing for the self-determination of Native Americans.

Thank you for giving NACA the opportunity to provide this testimony on this vitally important matter.

Mr. KIM. Appreciate that you took the time to come on out here. Thank you so much, sir.

Mr. VALANDRA. You are welcome.

Mr. KIM. Ms. Hamilton, over to you for 5 minutes.

STATEMENT OF ANNETTE HAMILTON

Ms. HAMILTON. Good morning, Chairman Kim, Ranking Member Spano, and members of the Subcommittee, and Congresswomen and -men. I am Annette Hamilton, vice president and chief operating officer of Ho-Chunk, Inc., a tribally owned corporation of the Winnebago Tribe.

The Native 8(a) contracting program has become a critical component of economic development for world tribes like the Winnebago Tribe. Winnebago's history is similar to the history of many Tribal nations. Originally a woodlands tribe, the Winnebagos, traditionally known as Ho-Chunk, lived on lands in what is present-day Kentucky. After a series of removals, the surviving members of the Winnebago Tribe were required to purchase a small reservation in northeast Nebraska.

By 1913, however, two-thirds of the reservation was lost due to the Federal Dawes Act, which divided up parcels of land that were taken out of Tribal jurisdiction and placed into individual ownership for both Indians and non-Indians. It wasn't until the 1970s, following more than 150 years of failed Federal policies focused on assimilation and termination, that the government realized the better policy towards Indians was one of self-determination and self-governance.

The relationship between the Federal Government and Tribal nations became more government to government, which meant that Tribal governments became the entity responsible for developing a

local economy, providing for public safety, and promoting the welfare of its citizens.

When Ho-Chunk, Inc., started in 1994 with one employee on the Winnebago Indian reservation, there was no business infrastructure or human resources in place. The Tribe had to figure out how to start an economy from scratch, a difficult task. In the early 2000s, Ho-Chunk, Inc., started successfully participating in the 8(a) small business development program with five employees. Today, Ho-Chunk, Inc., has over 1,200 employees with three Federal contracting divisions, serving a wide variety of Federal agencies. These divisions have received numerous awards, including just last week we received the Secretary's Award for Excellence in Small Business Contracting by the U.S. State Department.

Because of our participation in the SBA 8(a) contracting program, Ho-Chunk, Inc., has grown into one of the region's major economic drivers on the reservation and for the tristate area of Nebraska, Iowa, and South Dakota. Unlike privately owned businesses, Native 8(a) corporations exist to enhance the conditions of Tribal nations who own the corporations, not just the single owner or small number of owners.

My proudest accomplishments are derived from the impacts of the Winnebago community that we have made in a short 25 years, as referenced in my written testimony from our economic impact study. These impacts include reducing poverty rates, increasing household incomes and home ownership, and increasing Tribal members earning a bachelor's degree. We are building pathways for a positive future and allowing our Tribal community to fulfill dreams.

My daughter is a perfect example of how this program fulfilled dreams. My grandmother grew up poor, living on an Indian reservation, with limited opportunities for education and work. During the termination era of the 1950s, my mother was forced off the reservations into schools in the city. She was kicked out of school at a young age primarily because of her race. I am the first in my family to receive a college education, and my career has advanced because of the opportunity to work for a tribally owned business.

My daughter, a member of the Winnebago Tribe, is now a senior attending Harvard University, and she interned at Ho-Chunk, Inc., last summer. This is just one example of why the Native 8(a) program is vital to our Native communities and consistent with Congress and the administration's unique government-to-government relationship with Tribal governments.

There are several administrative and policy issues I would like to raise with you today, all of which are outlined in detail, with proposed recommendations, in my written testimony. First, the SBA certify system was designed for individual applicants, not entity-owned applicants such as Tribal 8(a) corporations. Second, we have seen the devastating impacts of category management. We believe its effects are contrary to the purpose of the 8(a) program. Third, Ho-Chunk, Inc., is also concerned with proposed legislation to level the playing field for all 8(a) companies. And fourth, we have concerns that the benefits and great work of small businesses were excluded from the recommendations of the section 809 panel.

While Ho-Chunk, Inc., is doing well, I do want to caution that 25 years of existence will need several more decades of success in order to mitigate the harms that were inflicted upon the Winnebago community through the previous generations of failed Federal policy and actions to terminate the Tribe. The Tribe, through Ho-Chunk, Inc., has started to reverse the 150 years of poverty on the reservation, but the work is not done. The Native 8(a) program must be protected and encouraged to grow in order to continue to build the capacity and infrastructure that tribally owned entities now have so that the gains of the corporation can return to the Tribal nation. [Speaking Native language.]

Mr. KIM. Thank you for your testimony there, and very powerful words there. It is a beautiful story hearing about everything from your mother to now you being a proud mother of a very successful daughter. So congratulations on that personal side, and thank you for sharing that.

Ms. HAMILTON. And she is here today.

Mr. KIM. Oh, is she really? Where?

Nice to meet you. Congratulations.

Mr. Vincent, we are going to turn it over to you for 5 minutes now. Over to you.

STATEMENT OF EDWIN A. (SKIP) VINCENT

Mr. VINCENT. Good morning, Chairman Kim, Ranking Member Spano. And I want to acknowledge Chairwoman Chu and the members of the Subcommittee. I am here on behalf of the Native Hawaiian Organization Association, where I served as a member of the board of directors since 2012.

I am very excited to be here to talk about the SBA 8(a)'s business development program and the positive effect the resulting NHO program and your support has been to the Native Hawaiian community.

Our NHOA is a trade association founded in 2007 to provide a unified voice for our small but growing NHO community. We are the new kids on the block. Our first NHO was started in 2004. We now have 24 NHOs—or 24 members on our association, 10 of which are newer and getting their certification, and many are just developing their 8(a) firms now.

Small businesses owned by NHOs can participate in the NHO 8(a) program. Like individual owned businesses, to qualify, an NHO-owned firm must be a small business that demonstrates ethics and potential for success. Unlike individual owned NHOs, NHO 8(a)s must be owned and controlled by a Native Hawaiian organization defined as a nonprofit entity chartered in the State of Hawaii, controlled by Native Hawaiians, whose activities principally support and benefit Native Hawaiians in the communities.

In addition to providing needed assistance and contracting opportunities, NHO 8(a) firms are provided additional attributes, as you know, designed to better support the NHO community and beneficiaries rather than individual owners. NHO firms can receive awards in excess of sole source thresholds from the Department of Defense, and second, they are allowed to have multiple firms in the 8(a) program, provided certain criteria are met, as detailed in my written testimony.

NHO 8(a) program has enabled 14 active NHOA members to support Federal agencies across the country while creating jobs, economic ventures, and support the Native Hawaiian community.

There is a saying: To fulfill a vision, you need to have a vision. Each NHO comes in with a unique, nonprofit mission and vision driven by their own passions, perspectives, and abilities to serve and elevate the Native Hawaiian community. In addition, accepted studies such as U.S. Census and so forth define the Native Hawaiian community as economically disadvantaged. These studies include historical and cultural background information, socioeconomic data, and anecdotes, all of which tell a more comprehensive story about the condition of Native Hawaiians.

As NHOs, we fulfill our missions by developing community programs, by gap funding-establish programs, funding other Native Hawaiians serving organizations, and developing our own. This includes financial literacy education and job training, entrepreneurial programs, leadership, STEM and arts programs, training, cultural engagement, post-secondary scholarships, senior assistance, at-risk youth, health, so on and so on. These programs and the jobs created contribute to self-sufficiency and self-determination that may not have otherwise been possible, and this is what fuels each NHOA mission and their vision and their motivation.

Regarding the SBA, the NHOA does not have significant issues with the administration of the 8(a) program. It is well established with rigorous application and sees stringent ongoing compliance processes. However, NHOA members would like to see an increase in the training of SBA personnel with respect to their knowledge of NHOs.

Regarding the adoption of category management, the NHOA supports an exemption for all SBA small businesses contracting programs from category management. Category management fails to consider small business attributes and would be considered harmful to small business by way of procurement opportunities. We ask you consider to work with the small business community regarding this matter.

Also, as Congress considers the reauthorization of the Small Business Act, we encourage you to uphold Native 8(a) program's ability of Tribes, ANCs, and NHOs to grow and support communities and reject provisions that inhibit such abilities. NHOA ardently supports the 8(a) program. NHO 8(a) program provides progress toward economic growth, self-sufficiency, and hope for Native Hawaiians.

You know, actions are definitely stronger than words, and the actions of this Committee and Congress has been tremendous, and it is telling our community that you haven't forgotten us. We commend the Committee's commitment to small business and for providing Native communities with the means to support and promote enduring economic growth and self-determination.

So on behalf of the Native Hawaiian community, thank you for your continued support, the opportunity to present and speak before you, and remembering us. So aloha to you all. Thank you.

Mr. KIM. Aloha to you too. Thank you so much for coming.

We are going to turn it over to Ms. Turvey. Over to you for 5 minutes now.

STATEMENT OF JANA TURVEY

Ms. TURVEY. Thank you, Chairman Kim, Ranking Member Spano, other members of the Committee. Good morning and cama'i; hello. It is my privilege, honor, and with humility that I testify before you today discussing Native 8(a) contracting and the impacts of this program to Alaska Native villages.

My name is Jana Turvey, and I am the president and CEO of Leisnoi, Incorporated, an Alaska Native village corporation, and I am a shareholder. I am an Alaska Native and Alutiiq. I am also a board member of the Alaska Native Village Corporation Association. ANVCA is primarily comprised of 177 Alaska Native village corporations. Although we call them and you hear corporations, this truly translates to communities, remote communities throughout the vast State of Alaska, which many are only accessible by boat or small aircraft.

Translating those communities into people, ANVCA represents thousands, not hundreds, but thousands of Alaska Natives. These are traditional, cultural, honorable people who love their villages, respect their resources and their historical way of life.

As Alaska Native people, we do not think about I or me. We think us and our. We think community, which encompasses much more than just geographical boundaries. Community is us as a people. We think seven generations forward, having learned from the generations of the past.

As I work in my capacity as CEO, the work is not for me and not just for the 450 stakeholders I represent in my village corporation. It is for future generations to come that have not yet been born. Along with that mindset comes the responsibilities written into the Alaska Native Claims Settlement Act of 1971. ANCSA was passed with the goal of providing a fair and just settlement of aboriginal land claims by Native groups of Alaska. The intent of Congress was that the Alaska Native corporations would be the economic foundation that would build business and provide benefits. However, ANCSA did not provide any sort of business development or economic engine.

The SBA's 8(a) program is the missing piece that affords this opportunity. Only 20 to 30 of the ANVCA members are currently active in the 8(a) program. Of those participating, 12 were named in the 2018 Top 49ers of Alaska businesses generating revenue, employing more than 12,000 people globally, more than 600 of those in the State of Alaska. At least 85 percent of the net income from ANCs is donated back to the community in the form of benefits.

As an example, recently, ANVCA was contacted by a distraught Alaska Native individual who had lost a sibling in the last 24 hours due to suicide. I cannot imagine the unbearable pain this person was experiencing. ANVCA was able to put them in contact with their village and regional corporations. Both corporations provided immediate assistance, not only with burial benefits, but also in the traditional way, the Native way, supporting the shareholder and their family.

Recently, a national morning news program was in the Village of Iliamna and provided visual footage of gas prices at $4.99 a gallon and $13.49 for a half gallon of milk. The cost of living remotely in Alaska can be grotesquely high, and the Village of Iliamna is

only 200 air miles from Anchorage. Today, honey buckets and inadequate sewer systems remain throughout remote Alaska. There are areas that do not have internet access, or the access is so poor, it will be out for days and weeks at a time. Costs of electricity are 12 times the national average.

However, as a result of ANCs participating in the 8(a) program, benefits are provided to well over 150,000 shareholders and their families. Homes are heated, lights are on, meals are fed because dividends are being distributed. Higher education opportunities and degrees have been achieved as a result of thousands of dollars in educational scholarships.

A personal side note. My daughter recently received her undergraduate degree from Gonzaga University, graduating magna cum laude, partially because of these types of scholarships. Donations support sports teams and youth participation at events like the AFN annual convention. To say that our stakeholders are counting on the success of our Native community-owned organizations would be an understatement.

There is room for growth within the Native 8(a) contracting program, and I do have two thoughts to offer. First, the regulations guiding and safeguarding the program are complex. The reporting requirements are lengthy and often cumbersome. More training and education entering into and working through the program will help all contractors have faith and confidence in their compliance.

Second, during the September 18 hearing of the House Small Business Committee, comments were made about the 9-year participation clock being too short. I support this comment and feel the stress at Leisnoi as we have just completed our second year. I don't expect the SBA to berain our firm with contracts. It is our job to secure that work. I would offer that the 9-year clock does not start until the first contract is awarded, allowing participants to do the necessary groundwork that will eventually secure those precious contracts.

Members of the Committee, thank you for giving me the opportunity to speak with you today. I am happy to answer any questions. [Speaking Native language.] Thank you very much.

Mr. KIM. Thank you very much for your insights as well as your recommendations on that front. I am sure we will get into those in some of the questioning.

But first, I would like to turn it over to Ms. Williams for your comments here in the beginning. Over to you for 5 minutes.

STATEMENT OF CHRISTINE V. WILLIAMS

Ms. WILLIAMS. Thank you for inviting me to testify here today. My written testimony contains studies, case studies, statistics, as well as reference to the Constitution, treaties, and applicable jurisprudence. I will not be able to cover all of it today, of course, but I memorialized it for you, and this goes directly to the trust responsibility due to the Alaska Native people, the Native Americans, and the Native Hawaiians.

I am a woman-owned small law firm. Like most small businesses, I hustle. I have to. I have worked extensively with SBA program participants, including Tribal and ANC-owned firms as

well as individually owned firms. Every program participant I have represented in the SBA.

In my experiences, small businesses often work together in partnership to get the job and then get the job done. Native-owned community benefiting firms are no exception in the respective reach-out to other small businesses. The SBA regulations also encourage and reward small businesses to work together.

Firms owned by Native groups are different in that they directly provide benefits to shareholders, members, or citizens, and the communities in which they live. Federal law, as we have seen in the Constitution, Article I, section 8, clause 3 reserves the right to Congress to engage in commerce with Native Americans.

Congress has a special and unique trust relationship with Native Americans. This has been reinforced by treaties and enunciated multiple times in jurisprudence. As such, economic development programs participated in by Native Americans is mandated by the trust responsibility the U.S. Government established and as various courts have held, including the U.S. Supreme Court.

Courts have examined and reaffirmed the right of Native Americans to be in the 8(a) program in furtherance of the U.S. trust obligations and to fulfill its commitment to Native Americans' self-determination and economic benefits.

The relationship between Native Americans and the U.S. is, quote, perhaps unlike that of any other two people in existence, marked by peculiar and cardinal distinctions where exist nowhere else. Cherokee Nation case 1831. Another case simply stated, quote, by the 1870s, the government had successfully placed Native Americans in a state of coerced dependency.

This relationship of dependency between the U.S. and the Indian people was forcibly established. This forced dependency decimated Native Americans in ways too numerous to count. In the history of the United States, only Native Americans had their aboriginal and indigenous lands, cultures, economies, rights, institution, and sovereignty appropriated, converted, and/or extinguished.

Federal procurement and the right of Native Americans to participate in the 8(a) program have long been recognized as a bright light to fulfilling the U.S. trust responsibility and furthering the economic interests of Native Americans. Numerous hearings by Congress, including last year, have established that this is one of the brightest lights for Native American communities. As recently as last summer, the SBA reaffirmed this very fact.

Native American and infrastructure. Most Native American groups cannot afford and should not be forced further into coerced dependency by heaving onto them a burden not rightfully theirs. This includes a supply of clean drinking water, roads, sewer systems so the honey bucket system is eliminated, and basic infrastructure. Congress did not enunciate this as a burden as it tries to fulfill its trust obligations of economic self-determination of Native Americans. Had it been so, it could have said so, and it did not.

Veterans and Native Americans. I have worked extensively with veterans and service-disabled veterans. The VA has the toughest set of regulations I have ever dealt with. And when you marry SBA regulations with the VA regs, you have got a problem. And when

we speak about veterans, we are necessarily and without exception speaking about Native Americans and Alaska Natives. They have the single largest cohort and have since the Veteran Administration has kept statistics as being in the military.

My time here orally is limited, but my written testimony contains history, facts, and modern circumstances demonstrating the points I have made here today, as well as other points. I would also note that I do go with the SBA to train on various regulations. And on the questions on the contracting shops for various offices, they are hungry for them. I would encourage—that was the first time when the GAO testified today that I actually heard that they were going to hire somebody, because I have done it on my own time and dime. So pick me. I will help.

That is all I have, and then I am open for questions.

Mr. KIM. Well, I appreciate each of the five of you bringing real important insights and perspectives to this, so we will certainly have some questions for you, I am sure.

I wanted to just start by recognizing myself for a couple minutes here, then I will turn it over to my colleagues.

Mr. Valandra, I wanted to start with you. First off, I would like for you to just briefly explain how the individual and group-owned rules differ within the 8(a) program and why it exists. Just help us kind of start off with that framework.

Mr. VALANDRA. Sure. I think it is important to distinguish between a group of Native Americans and a Tribe or an ANC or a Native Hawaiian organization. The members of NACA are all businesses owned by Tribes, by federally recognized or State-recognized Tribes, which means that they are owned by a government, a community of people as opposed to just a group of individuals. I mean, I think that is a—it may seem obvious, but I think that is a very important distinction to be made, and that is the primary distinction within the SBA program.

The Native American program within 8(a) are tribally owned, that is, community-owned entities, businesses, enterprises as separate and distinct from an individual. An individual, there are rules that I don't want to take up too much time with just in terms of differences of the 9-year time horizon for individuals. All of the entities have to qualify under the 8(a) program with ethics, background, financial qualifications, those things, but Natives have that distinction of being—go ahead.

Mr. KIM. Well, one other aspect of this that I wanted your thoughts on, as the Chairwoman mentioned beforehand about this L.A. Times story, which mentioned—had reported that on contractors who receive millions of dollars reserved for minorities set aside by claiming to be Native American, one other aspect to just help bring out here is can you please explain the main differences between individually owned small businesses that claim to be Native American and small firms owned by Native American groups such as Indian Tribes?

Mr. VALANDRA. Well, since the adoption of the 2011 regs, there really is not that much difference in terms of declaring. Prior to 2011, you could self-declare that you were Native or fit one of the categories to be an SBA participant, but since the passage of that—or the adoption of that regulation, sorry, you can't just self-declare.

You have to provide documentation that you are a member of a federally recognized Tribe or State-recognized Tribe, and there is documentation to do that.

So the problem, as I understand it, or as reported by the L.A. Times, really was a regulation issue and an SBA lack of attention issue prior to 2011.

Mr. KIM. Building off that, then, you know, how can Congress ensure that only small firms owned by individuals with genuine claims of being Native American get certified into the program?

Mr. VALANDRA. Well, again, I think the adoption of the regulations in 2011 that did away with self-declaration, that you have to—that individuals have to provide documentation that they are, in fact, members of a disadvantaged group or a Native American Tribe, federally recognized or State-recognized Tribe, was an important step. And I think so long as Congress is satisfied that the SBA are following their own regulations, that you have taken that step.

Mr. KIM. Great.

Ms. Hamilton, I wanted to just kind of continue this thread a little bit with you. Still regarding that L.A. Times story, their investigation found $300 million in contracts were awarded to small businesses making unsubstantiated claims of being Native American. Could this situation potentially happen within the context of group-owned Native American firms?

Ms. HAMILTON. So, first of all, I would like to address the article was just a tad bit confusing because it confused State contracting, local contracting, and Federal contracting all mixed up, and it didn't clarify that. And they are all different rules and different jurisdictions.

So addressing the Federal contracting, Native Americans can participate in the 8(a) program as an individual. But if you are a Native 8(a) and you are owned by a Tribe, an ANC, or an NHO, then you have community responsibilities and a higher level—you have a different application. You have an entity application, which I kind of addressed in my testimony, but also, from personal experience, when we submit our applications, we are required to download the Federal Register to prove that we are a federal-recognized Tribe. We also have to prove that we are controlled by the Tribe and tribally owned, and I don't think it applies to the ANCs and the NHOs, but we have to prove as a Tribe that our management has Tribal members and those Tribal members are from an economically disadvantaged Tribe.

So to answer your question, I think that the SBA did. From my experience in 2011, we also have to recertify that every year in our annual review with the SBA. And I know that it takes a while for them to verify that and the certification and the review process. So I do—I have seen the impacts of the 2011 SBA implementation of that. So hopefully that answers your question.

Mr. KIM. That is. No, it is helpful to just unpack this.

I have another question too, but I am going to reserve it to the end here. But I wanted to turn it over to Ranking Member Spano for his line of questions.

You are recognized for 5 minutes.

Mr. SPANO. Thank you, Mr. Chairman. You have to excuse me, I am battling a cold here so my voice is a little bit out of sorts.

But just a question for anyone who wants to respond on the panel. One of the unique requirements for 8(a) groups is the requirement they must submit information to the SBA showing how the 8(a) program benefits their communities. You have got to show it benefits your community. Is there any uniformity in the way that the SBA captures this information, number one, uniformity in the way the SBA captures that information? Number two, what proportion of 8(a) dollars goes directly back into your communities? Is that information captured and relayed to the SBA? Anybody want to answer that, those questions?

So number one, any uniformity in the way SBA captures the information. I guess three things. So that is number one. Number two, what proportion of 8(a) dollars goes directly back to your communities. And number three, is that information about what goes back to the communities captured and relayed to SBA.

Ms. Williams, you are aggressively shaking your head, so I'm going to go to you.

Ms. WILLIAMS. So, yeah. There is some form of uniformity, but it is also open for narrative because it varies on the corporation. So such as Leisnoi, it has one 8(a) in the company, and it has very few—well, I would imagine it has very few things to report. You have other firms that have been in the program longer that are going to have more to report, so they report different.

The community is going to depend on what it needs differently. So if you are an Arctic community, you may need things very different than you are on the southeast coast of Alaska. One region is the size of Oregon, for instance. It is very different. So you have some uniformity. You also have a narrative requirement. The SBA has allowed some flexibility, because people need things differently. Their shareholders are asking for things differently, and so they give reports differently, but there is some uniformity there. There is a required reporting form. The community owners are the only ones that are required to do that. So there is some.

In terms of reporting directly back, so if you have a subsidiary, it is actually an indirect reporting mechanism in the first place, so they do sweeps of the subsidiary. So not only do they give directly to the shareholders in the forms of dividends, which is trackable, but they usually give it—and you will see it. I submitted the testimony of one smaller Old Harbor Native Corporation, and they gave a graphic of what they give and how they give it, because they give it in different forms. So as you can imagine, the poverty in Alaska is second to none.

Mr. SPANO. Yeah.

Ms. WILLIAMS. Especially in rural Alaska. The social ills that accompany that come with it. So not only do they give to their shareholders themselves, but they give to programs that benefit their shareholders, such as alcohol and addiction recovery services, health services, things that if a shareholder dies that is out of the village, they can't afford to fly them back. They have to provide that benefit.

Mr. SPANO. Does anybody else want to answer those questions? Ms. Hamilton?

Ms. HAMILTON. So there is a form in the annual reviews for the SBA, and it has five categories. And I don't know if I am going to recall them off the top of my head, so I would have to get back to you on those categories. But they are general categories and you can fill those in, and those are required of the SBA annual review. And it is pretty open because you are covering Alaska Natives, Tribes, and NHO, and it is self-determination and self-governance. So each Tribe—so I will use the Winnebago Tribe.

So the Tribe set up our Tribal corporation, and we have a 25 percent dividend back to the Tribe on an annual basis per our audit. The Tribe then uses that for governmental services. Sometimes, and in addition, we have taken it as our work hobby to create Ho-Chunk Village, and it really was our passion. So we earned the money, and outside of that, we have given scholarships. Outside of the 25 percent dividend, we have given scholarships. We are building a village, which is outlined in our economic impact study. We have been able to help. So the money going into this program directly impacts positively the communities that it is meant to.

Mr. SPANO. So really quickly, I only have 15 seconds left, you said 25 percent is paid back in dividends, in your specific organization's instance. What is the dollar amount, if you can share that with me, represented typically by that 25 percent dividend?

Ms. HAMILTON. I will have to get back to you on that.

Mr. SPANO. Yeah, I would appreciate that, because for us, you know, and Ranking Member—or, Mr. Chairman, I don't have any more time, but I would love to—you know, I understand the difficulties and the exigencies as it relates to the different Tribes being treated differently and all that, but from an oversight regulatory perspective, it is our responsibility to make sure that the program is effective, and it has its intended purpose, which is for the beneficiaries of the Tribes and so forth, Native American groups to benefit.

And so with all due respect to every one of you, I am absolutely certain you are doing your best to make sure that your moneys—that these benefits are going back to the persons intended. But to me, it is important that, to the extent possible, we are able to quantify what those benefits are, and that helps us as overseers to make sure that the intent of the legislation is being effectuated.

I yield back.

Ms. HAMILTON. If I may, then, ask my economic impact study be submitted to the record.

Mr. SPANO. Great.

Ms. HAMILTON. That helps quantify it.

Mr. SPANO. Thank you so much.

Ms. WILLIAMS. And if I may, just for—I am sorry if I am out of order, but the ANCs have done a series of regional associations, which is one of the only associations that can afford to do such a study, and they quantify that 75 to 85 percent per annum goes directly back, net profits go directly back into their communities.

Mr. KIM. Well, I appreciate that. And I share the sentiment of the Ranking Member that, you know, we certainly want to make sure that we understand the impact is being felt, that we understand, you know, what is working, what is not, what can be im-

proved going forward, so we will continue to do that within this Committee.

I want to recognize my colleague, Congresswoman Davids, now, for 5 minutes. Over to you.

Ms. DAVIDS. Thank you, Chairman.

So, first, I want to thank all of the panelists and folks who came here, and I know some of you traveled great distances to come testify before this Committee today. And again, I want to thank the Committee—the Subcommittee for allowing me to be a guest in this hearing today because I don't sit on this Subcommittee.

So I want to start off by following on some of the trust responsibility questions that I had the chance to ask after we heard from the GAO earlier and based on the report that they provided. First, I would like to ask, Ms. Hamilton, you mentioned that sometimes the annual certification review takes a little while to come back. I am curious whether or not that recertification process or the annual review process and the lag that happens hinders at all your ability to continue to function and operate, and I don't just mean in terms of continuing to get contracts. I also mean the time and resources that your organization puts into that certification process, and whether or not, in your view, that cuts against the policy of promoting self-sufficiency and the Federal Government's trust responsibility.

And then if anyone, after Ms. Hamilton answers, has something to add, I would like to hear that.

Ms. HAMILTON. Thank you, Congresswoman Davids. So the certification process has taken over a year to get back with many touch points with the SBA and our staff. We have two full-time staff that just deal with working through the certifications and the annual reviews with the SBA, so we have many touch points with the SBA. And in my experience, the SBA is diligent in our local SBA office of pushing back and making sure we have all the information.

I am sorry, what was the second half of your question?

Ms. DAVIDS. Well, I was wondering about whether or not the policy of promoting self-sufficiency and the Federal trust responsibility, in your view, whether or not the way that the SBA has been running this program as it relates to annual review and certification, whether it seems as though they are meeting that mark of the trust responsibility or not.

And I just want to note that you said you have two staff dedicated to the certification process, and we have, from a GAO report, that there is 1.5 full-time employees working in the Alaska regional office.

Ms. WILLIAMS. No, not anymore.

Ms. TURVEY. The data that the GAO testified to was based on—I think 2014 was the ending point, and so the Alaska district office staff has increased a bit since that time and has become more robust.

Ms. DAVIDS. Oh, okay. Okay. Well, that is good to hear.

So if you want to speak to the trust responsibility, and then any others.

Ms. HAMILTON. So I find that the SBA, dealing with—so there is an education component of the difference of the individual 8(a)

and the entity-owned 8(a)s and that trust responsibility. Once we have been able to educate—and I know that the SBA has done some education programs. I do think they acknowledge that. I do think that they are limited in staffing, and like I mentioned I think in my testimony, I know that a lot of the processes are really geared to the individual 8(a)s and not entity owned.

So the application and the certify system, the new SBA system, is really individually owned. So we have to kind of load up, let's say, our proof of our Federal recognition just in places. There is not a set area for that in that system. So helping with that definitely would help us with our self-determination and self-governance.

Ms. TURVEY. Chairwoman, if I could—excuse me. Congresswoman, if I could add to that. So I have one person dedicated on my staff to compliance, and Ms. Williams said I have one 8(a). I actually have two now, but one person for just that small number dedicated to compliance, which includes the certified process as well as all of the other processes required when you participate in this program, as I mentioned in my testimony, is cumbersome and can be exhausting and extremely taxing on any staff member. And so as a Native group representing here today, we are singled out in all of the requirements of reporting that we are subject to. There is no other group that participates in the small business program that is required to report as extensively as we are, which means that we have to pull resources in order to meet that mandate.

So directly to your question, does it impact our self-sufficiency? Absolutely.

Ms. DAVIDS. Thank you.

And again, I appreciate you all providing testimony and being here today. And I yield back.

Mr. KIM. Great. Thank you.

We are just going to do a quick second round here, just a couple lingering questions we just wanted to make sure we get forward.

Mr. Vincent, I just wanted to direct a question to you. We share your concerns. This Committee shares your concerns about impact category management and, you know, it is something that you raise in your written testimony, and you spoke very powerfully about it in your oral testimony.

I would like for you to just expand on this for us, to be able to help us get an understanding here. Can you please expand on how the Native 8(a) contractor has been impacted by category management? And what are some of the potential steps this Committee should take regarding the matter?

Mr. VINCENT. Well, thank you for asking that question. First of all, I can attest to how we think NHOs will be impacted. Our large dollar contracts come from Department of Defense, and moving the 8(a) program from—or 8(a) contracts into category management would limit NHOs and NHO 8(a) firms from competing and getting that foothold that we need in sole source contracting.

One example that happened at one of the member firms is that they were just about to finish an 8(a) contract that they had competed for as a set aside, and the customer really wanted them. However, that contract was moved into a vehicle, a contract management vehicle, and eliminated them from being able to compete for it. So what has happened was it eliminated not only a com-

petent individual, a competent firm that had good CPARS, good ratings, and had the experience of working that, moved it to a category to where only a few—even though it was assured that an 8(a) would get it, but to a few 8(a)s that are on that vehicle that may or may not have the experience and may or may not be able to provide some of the capability like the others did.

So what it does, in my mind, is it substantially reduces the amount of 8(a) opportunities to the general community and affords those 8(a) opportunities to small amounts of 8(a)s or small businesses that happen to be on that particular contract.

Mr. KIM. Okay. Well, I appreciate that expanded explanation there. It is helpful for me.

Ms. Turvey, I wanted to direct my final question to you. This Committee has heard concerns from some sectors of Native 8(a) community regarding congressional efforts that seek to increase the sole source thresholds in other small business contracting programs. So I wanted to see if you could elaborate on those concerns, you know, so we can have a better understanding how to proceed here.

Ms. TURVEY. Thank you, Mr. Chairman, for that question. I want to be real clear in answering this that I am wearing my ANVCA hat, and there have been discussions within our organization about those thresholds. We don't view this and the opportunity to review the individual thresholds as competition. We actually acknowledge that it is time that those thresholds be reviewed. I think it has been a couple of decades. 1985 is coming to mind as to the last time those thresholds were evaluated.

But in doing that, it will be reasonable that they are evaluated on parity, meaning those are individually owned firms that are being looked at. And we, again, are representing thousands of shareholders in our Native entity-owned firms. We believe that a reasonable increase is favorable, and we don't take any issue with the current proposal, I believe, of doubling those limits. We would, however, pause and take a moment of issue if we are looking at increasing those levels to 10 times or more. That is not on parity with what we believe would be consistent with the intent of the small business program.

Mr. KIM. Okay. Thank you. That is very helpful.

I am going to close my questions on that front, turn it over to the Ranking Member if he has anything further he would like to ask.

Mr. SPANO. Thank you, Mr. Chairman.

Just a couple questions, if I may, directed towards Ms. Williams, if I can. On average, if you have a number or if you just have a general idea, what is the percentage of sole source contracts that is awarded to 8(a) groups annually? In other words, of an 8(a) group's portfolio of business, what percentage are typically sole source contracts?

Ms. WILLIAMS. I don't have that number. I know that less or five were awarded during the years of 2012 to 2014 when the GAO did its study and probably their most recent numbers. But to Native-owned 8(a) firms, that is a hard distinction, and I don't have those numbers.

Mr. SPANO. Okay.

Ms. WILLIAMS. But the sole source in and of itself and the follow-on rule, if you would like to ask follow-up questions on what the GAO testified to, I would be happy to answer those questions as well.

Mr. SPANO. Ms. Turvey, as it relates to the ANC, your ANC specifically, or other ANC groups, do you have that number, what the typical percentage of your portfolio is that is represented by sole source contracts?

Ms. TURVEY. I do not have the number in regards to the Alaska Native Village Corporation Association. I can tell you that Leisnoi has received one very small sole source contract.

Mr. SPANO. So not much?

Ms. TURVEY. Not much.

Mr. SPANO. Not many. It would just be interesting, as I understand—if we are operating under that assumption, maybe my next question is moot, okay.

Ms. TURVEY. Okay.

Mr. SPANO. But I am going to ask it anyway because I would like to get a feel for your opinions on this. Should 8(a) groups be shifting their focus or attempting to diversify their portfolios to include other types of awards, including full open contracts? I mean, is that the end game? Should it be the end game? I understand it is required through the 8(a) program. And I will just throw that open to anyone who wants to answer it.

Mr. VINCENT. I would like to answer it. First, let me give you a little insight of your original question, is that in the beginning, companies normally are almost—at least my experience at my organization, have been almost totally sole source just to get established. And you are right, we are driving toward being able to graduate and go on to competition. So those first few years is a foundational establishment.

And how long does it take before revenue comes in? It depends on a whole lot of things. The community, the type of products, the skill of the management and so forth and so on. Because it does take—on the average, it took about 3 to 5 years for any of our companies to start making a profit, which kind of answers a little bit of your question in the beginning, you know, how much goes back to the community.

So basically, yes, the end goal is to make it a competitive, viable organization. And one of mine that graduated, and it is already mentoring the other companies that are still in the program.

Mr. SPANO. That is great.

Mr. VINCENT. So I would like to see—this is what we are trying to achieve.

Mr. SPANO. Okay. Anyone else like to answer that?

Ms. Hamilton.

Ms. HAMILTON. So I think, like Mr. Vincent said in the beginning, it is a lot of sole source. I also think we are ignoring that there are 8(a) competitive contracts, and a lot of contracts come out as 8(a) competitive. So just to count contracts that are in the 8(a) program as completely sole source is inaccurate.

Mr. SPANO. I guess that is why——

Ms. HAMILTON. We do a lot of 8(a) competitive contracts. And then there is also a lot of IDIQs or GWAC contracts that are in the

8(a) program that you win the overall contract and then you bid for the task orders. So there is a lot of that, so I wanted to clarify.

Mr. SPANO. Yeah. And I am glad you did. I did specify sole source contracts, though, but I appreciate you making that clarification.

And is one of the reasons why we have this 9-year period, right, so that is kind of the launch. That is the on-ramp, so to speak, right, to competitiveness, is that 9-year period? That is what I understand, anyway. Can you confirm that for me?

Ms. WILLIAMS. That is true. And then by the—but you have to start building a non-8(a) revenue. So you have your first years that are—you can have all 8(a) revenue. I don't know anybody that does. By the fifth year, you have to build in non-8(a) revenue. You are out of compliance if you do not. Six months, a year, and you are done. So it is an on-ramp, but for me, I can be a woman-owned small business. I walked away from international law firms to do that. I can be that forever. I don't have to go full and open like that. 8(a) being a subset of a small disadvantaged business, that would be considered to me full and open.

Mr. SPANO. I see. Thank you so much.

I yield back, Mr. Chairman.

Mr. KIM. Great. Thank you.

Look, I just wanted to take a second again to thank all of you for coming out here today and sharing your perspectives and answering some of our questions.

I wanted to end with actually a line that comes to my mind from what Mr. Vincent said. If I remember this correctly, he said to fulfill a vision, you need to have a vision. Is that right, sir?

Mr. VINCENT. Correct.

Mr. KIM. You know, I think that that is something that really just guides a lot of what we are trying to do here. You know, the 8(a) program has been the hallmark of contracting programs managed by SBA, the vision of it to be able to help develop the capabilities of individual businesses, but also as we have seen today, to uplift and create opportunities for our entire communities. And as we try to fulfill that vision, we need to think about what is it that we need to be able to do to be able to understand whether we are moving in the right directions and really trying to stay true to what it is that our predecessors thought to put forward to be able to help you out.

Due to its importance, this Committee takes very seriously any concerns or deficiencies, and will work to strengthen the program as needed. On that note, we look forward to working with GAO and the SBA OIG and Native 8(a) contractors alike to make the necessary reforms.

I would like to just at this point ask unanimous consent that members have 5 legislative days to submit statements and supporting material for the record. And without objection, so ordered.

And if there is no further business to come before the Committee, we are adjourned. Thank you so much.

[Whereupon, at 12:00 p.m., the Subcommittee was adjourned.]

APPENDIX

United States Government Accountability Office

Testimony

Before the Subcommittee on Investigations, Oversight, and Regulations, Committee on Small Business, House of Representatives

For Release on Delivery
Expected at 10:00 a.m. ET
Tuesday, October 22, 2019

SMALL BUSINESS ADMINISTRATION

Steps Taken on Long-Standing Weaknesses in SBA's Oversight of Tribal 8(a) Firms, but Additional Actions Needed

Statement of Seto J. Bagdoyan, Director, Forensic Audits and Investigative Service

GAO-20-184T

GAO Highlights

Highlights of GAO-20-184T, a testimony before the Subcommittee on Investigations, Oversight, and Regulations, Committee on Small Business, House of Representatives

October 22, 2019

SMALL BUSINESS ADMINISTRATION

Steps Taken on Long-Standing Weaknesses in SBA's Oversight of Tribal 8(a) Firms, but Additional Actions Needed

Why GAO Did This Study

Federal obligations under SBA's 8(a) Business Development Program totaled about $10.9 billion in fiscal year 2019, according to federal procurement data reported as of October 7, 2019. SBA's 8(a) program is one of the federal government's primary vehicles for developing socially and economically disadvantaged small businesses, including firms owned by ANCs. One of the key benefits of this program is the ability for ANC-owned firms to receive federal contract awards that have been set aside solely for 8(a) firms. From 2006 through 2016, GAO issued three reports detailing the limitations of SBA's oversight and monitoring of ANC-owned firms participating in the 8(a) program.

GAO's testimony discusses the highlights of the aforementioned three reports and the extent to which SBA has addressed the recommendations GAO made in those reports, as of October 2019. GAO examined SBA files and other documents, conducted site visits, and interviewed program officials to perform the work of those reports.

What GAO Recommends

GAO made multiple recommendations in its reports from 2006 through 2016, many of which SBA has taken steps to implement. However, SBA has not addressed key GAO recommendations, including tracking and sharing ANC-related information across SBA regional offices, considering the establishment of criteria thresholds for contract modifications, and developing policies to consistently assess whether other small businesses are losing 8(a) contracts to ANC-owned firms. GAO continues to believe that implementing these recommendations would enhance SBA's oversight and monitoring of firms in the 8(a) program.

View GAO-20-184T. For more information, contact Seto Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov.

What GAO Found

In three reports issued between 2006 and 2016, GAO has found persistent weaknesses in the Small Business Administration's (SBA) oversight and monitoring of Tribal 8(a) firms, in particular the Alaska Native Corporations' (ANC) subsidiary firms (ANC-owned firms) that participate in SBA's 8(a) program. Over the course of the program, qualified small, disadvantaged businesses, including ANC-owned firms, can receive federal contract awards that have been set aside solely for such businesses, and business development support from SBA, such as mentoring, financial assistance, and other management and technical assistance. In its three reports, among other things, GAO found that SBA had (1) incomplete information and documentation on ANC-owned firms and their compliance with regulatory requirements; (2) limitations in its ability to track and share key program data needed to enforce its own program; (3) insufficient staffing in its Alaska District Office to carry out necessary and critical monitoring tasks; and (4) inadequate or vague program guidance for clearly communicating to staff how to interpret new regulations.

GAO made 21 recommendations to SBA that address weaknesses in SBA's oversight and monitoring of ANC-owned firms participating in the 8(a) program. SBA has taken steps to implement many of those recommendations, including enhancing training for SBA staff that emphasized program rules, and developing and implementing a regulation that helps SBA better enforce rules against ANC-owned firms obtaining contracts for which they were not necessarily eligible.

However, SBA has not yet implemented recommendations that, if implemented as intended, could significantly improve its oversight of the 8(a) program. For example, SBA has not yet addressed limitations raised in GAO's 2006 and 2016 reports regarding SBA's tracking of revenue information for ANC-owned firms, which limits SBA's oversight of 8(a) rules prohibiting multiple subsidiaries under one ANC from generating revenue in the same primary line of business—which 8(a) program regulations intend to limit. SBA officials informed GAO of the agency's plans to develop an information system capable of addressing this issue. However, at the time of GAO's 2016 report, SBA could not provide detailed information or plans about this system, and as of today, the agency could not provide documentation that this system is operational. As another example, SBA has not addressed GAO's 2006 recommendation to consistently determine whether other small businesses are losing contracting opportunities when SBA awards contracts through the 8(a) program to ANC-owned firms, as required in regulation—an area where GAO found that SBA had fallen short in its oversight. Instead, in 2009, SBA reported that it performed a single analysis of a limited set of procurement data from a limited period and concluded the data did not indicate that other small 8(a) firms (e.g., black-owned, Hispanic-owned, and others) were losing contracting opportunities to ANC-owned firms. However, SBA's actions did not address the intent of GAO's recommendation to "consistently" perform this oversight. Absent action on these recommendations, the program continues to be at risk of noncompliance.

Chairwoman Chu, Ranking Member Spano, and Members of the Subcommittee:

Thank you for the opportunity to discuss our prior work on weaknesses in the Small Business Administration's (SBA) oversight and monitoring of Alaska Native Corporations (ANC) subsidiary firms ("ANC-owned firms") that participate in the agency's 8(a) program and the actions SBA has taken to address these weaknesses.[1] The 8(a) program is one of the federal government's primary vehicles for developing socially and economically disadvantaged small businesses, including those firms owned by ANCs. One of the key benefits of this program is the ability for ANC-owned firms to receive federal contract awards noncompetitively for any dollar amount.[2] Federal obligations under SBA's 8(a) Business Development Program totaled about $10.9 billion in fiscal year 2019.[3]

From 2006 through 2016, we issued three reports detailing the limitations of SBA's oversight and monitoring of ANC-owned firms participating in the 8(a) program.[4] In our 2006 report, we noted that, among other things, SBA's program rules did not anticipate the complexity of ANC firm structures. Our subsequent reports in 2012 and 2016 also found various limitations in SBA's oversight, including limitations in SBA's ability to share key data across its district offices and long-standing staffing

[1]Under SBA's regulations, ANCs are defined as any Regional Corporation, Village Corporation, Urban Corporation, or Group Corporation organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act, as amended. 13 C.F.R. § 124.3. In this testimony, the term "ANC" refers to one of these parent corporations, usually located in Alaska. The term "ANC-owned firm" in this testimony denotes a business owned by an ANC (wholly or partially) that is participating in SBA's 8(a) program.

[2]Although many of these benefits also apply to Indian tribes, Native Hawaiian Organizations, and Community Development Corporations, the majority of this testimony focuses on the rules as applied to ANC-owned firms participating in the 8(a) program. Congress initially passed legislation in 1986 that allowed ANC-owned firms to participate in SBA's 8(a) program, and subsequent laws established and clarified their distinct advantages in the program.

[3]These data are current in Federal Procurement Data System (FPDS) as of October 7, 2019.

[4]GAO, *Contract Management: Increased Use of Alaska Native Corporations' Special 8(a) Provisions Calls for Tailored Oversight*, GAO-06-399 (Washington, D.C.: Apr. 27, 2006); *Federal Contracting: Monitoring and Oversight of Tribal 8(a) Firms Need Attention*, GAO-12-84 (Washington, D.C.: Jan. 31, 2012); and *Alaska Native Corporations: Oversight Weaknesses Continue to Limit SBA's Ability to Monitor Compliance with 8(a) Program Requirements*, GAO-16-113 (Washington, D.C.: Mar. 21, 2016).

challenges specific to its Alaska District Office, which oversaw the majority of ANC-owned firms in the 8(a) program. More recent reports issued by the SBA Office of Inspector General demonstrate that SBA continues to face challenges in its oversight of the 8(a) program, in general.[5]

My testimony today will discuss (1) highlights of the aforementioned reports related to Tribal firms, including ANC-owned firms, participating in the 8(a) program, and (2) the extent to which SBA has addressed the recommendations we made in those reports.[6] From 2006 through 2016, GAO issued three reports detailing the limitations of SBA's oversight and monitoring of ANC-owned firms participating in the 8(a) program. We reviewed information from SBA on the status of their efforts to implement the recommendations as of October 2019. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. More detailed information on our objectives, scope, and methodology for that work can be found in each of the reports mentioned above. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The 8(a) program is designed to assist small, disadvantaged businesses in competing in the American economy through business development.[7] Over the course of the program, qualified small, disadvantaged businesses can receive business development support from SBA, such as mentoring, procurement assistance, business counseling, training,

[5]Small Business Administration, Office of Inspector General, *8(a) Business Development Program Eligibility*, rpt. no. 16-13 (April 2016); Small Business Administration, Office of Inspector General, *Reassessment of Eligibility Requirements for 30 Firms in SBA's 8(a) Business Development Program*, rpt. no. 17-15 (July 2017); and Small Business Administration, Office of Inspector General, *Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes*, rpt. no. 18-22 (September 2018). These three Office of Inspector General reports discussed the 8(a) program generally.

[6]GAO-06-399, GAO-12-84, and GAO-16-113.

[7]Participating firms must qualify as "small" under an industry size standard as measured by the average number of employees over the past 12 months or average revenues generated from the previous 3 years, in addition to being majority-owned by a disadvantaged individual or a qualified entity.

financial assistance, surety bonding, and other management and technical assistance. One of the key areas of support is eligibility for competitive and sole-source federal contracts that are set aside for 8(a) businesses, which can be an important factor of the financial development for ANC-owned firms.[8] Oversight and monitoring of all firms participating in the 8(a) program are delegated to each of SBA's 68 district offices nationwide. Of its 68 district offices—staff at the Alaska District Office were assigned and oversaw the majority of all participating ANC-owned firms.[9]

ANCs and ANC-owned firms have a unique status in the 8(a) program and can enter into complex business arrangements In terms of their organizational structures, ANCs can be either for-profit or not-for-profit and can own a family of for-profit subsidiary firms, including but not limited to, wholly owned holding companies that often provide administrative support to smaller sister ANC-owned firms. As a condition of the 8(a) program, participating ANC-owned firms must be for-profit. Generally, ANC-owned firms can remain in the 8(a) program for up to 9 years, provided they maintain their eligibility. During the first four "developmental" years, participating firms may be eligible for assistance in program areas including sole-source and competitive 8(a) contract support, and training in business capacity development and strategies to compete successfully for both 8(a) and non-8(a) contracts, among other things. In the last 5 years, firms prepare to transition out of the program, and are required to obtain a certain percentage of non-8(a) revenue to demonstrate their progress in developing into a viable business that is not solely reliant on the 8(a) program.

[8]A set-aside is an acquisition reserved exclusively for participation by small businesses. These may be awarded to SBA for performance by eligible 8(a) firms on either a competitive or sole-source basis. A sole-source award is a contract awarded, or proposed for award, without competition.

[9]GAO-16-113. Specifically, this represents ANC-owned firms active in the program from fiscal years 2011 through 2014. Because we have not conducted any further work since 2016, we cannot say whether the proportion of firms assigned to the Alaska District Office remains the same.

SBA Has Faced Long-Standing Weaknesses in Its Oversight and Monitoring of Tribal Firms' Compliance with 8(a) Program Requirements

Across three reports on SBA's 8(a) program, we have found persistent weaknesses in the oversight and monitoring of participating Tribal firms, in particular ANC-owned firms.[10] Specifically, we found that SBA had (1) incomplete information and documentation on ANC-owned firms' compliance with regulatory requirements; (2) limitations in its ability to track and share key program data needed to enforce revenue rules of Tribal firms, including ANC-owned firms; (3) insufficient staffing in its Alaska District Office to carry out necessary and critical monitoring tasks of ANC-owned firms; and (4) inadequate program guidance for clearly communicating to staff how to interpret new regulations.

Incomplete information and documentation on ANC-owned firms and their compliance with regulations: We reported in 2016 that during a 2014 site visit to the Alaska District Office, we noted that incomplete information and documentation limited SBA's oversight of the regulatory requirements specific to ANC-owned firms we examined.[11] For example, SBA faced significant challenges in providing us with very basic information on ANC-owned firms, such as the total number of firms serviced by the agency. For example, during the course of our review, it took 3 months for SBA to provide us with a list of ANC-owned firms in the 8(a) program, and on three separate occasions SBA officials provided three separate numbers for the total number of ANC-owned firms—ranging from 226 to 636. We noted in our 2016 report that SBA's inability to account for and make available principal information on all of the ANC-owned firms participating in the program raises concerns about the integrity of the agency's internal controls and ability to provide effective and sustained oversight.

As another example, we reported in 2016 that SBA was unable to provide seven of 30 required agency offer letters for 8(a) contracts that we requested for our review of contracts that may have been follow-on, sole-source contracts. According to the regulation, these required offer letters

[10]According to the Standards for Internal Control in the Federal Government, known as the "*Green Book*," oversight is the establishment of a strategic direction and obligations for the agency that relate to accountability; this includes overseeing management's design, implementation, and operation of an internal control system. Monitoring is the activities management establishes and operates to assess the quality of performance over time and promptly resolve findings of audits and other reviews. GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

[11]These regulatory requirements include prohibitions against awarding sister ANC-owned firms' follow-on, sole-source contracts and sharing of primary North American Industry Classification System (NAICS) codes by sister ANC-owned firms.

are critical documents that could have assisted SBA staff in understanding a contract's acquisition history and any small business that performed this work prior to any subsequent awards. Once an applicant is admitted to the 8(a) program, it may not receive an 8(a) sole-source contract that is also a follow-on contract to an 8(a) contract that was performed "immediately previously" by another 8(a) program participant (or former participant) owned by the same ANC. We found that SBA's inability to enforce the regulatory prohibition against follow-on, sole-source contracts was directly tied to the quality of the documentation it collected from contracting agencies. While we found that one program official in the Alaska District Office took steps during our 2016 review to ask agencies to specifically report whether contracts are follow-on, sole-source awards in offer letters, we have no evidence supporting that this practice was more broadly adopted by the program as a whole. Ultimately, we recommended and SBA agreed to enhance its internal controls and oversight of ANC-owned firms in the 8(a) program by ensuring that all ANC-owned firm files contain all relevant documents and information and providing additional guidance and training to SBA staff on the enforcement of related policies, among other things.

Limitations in tracking and sharing key program data needed to enforce 8(a) revenue rules: In all three reports mentioned in this testimony, we found that SBA faced limitations in tracking information on the primary revenue generators for Tribal firms, including ANC-owned firms, to ensure that multiple firms under one parent ANC are not generating their revenue in the same primary line of business—that is, expressed as and operating under the same North American Industry Classification System (NAICS) code—which SBA's regulation intends to limit. As discussed later in this testimony, we first identified this issue in our 2006 report, noting that SBA was not effectively tracking ANC-owned firms' revenue data to ensure that the sister firms were not generating the majority of revenue in the same line of business. We recommended that SBA collect information on the participation of 8(a) ANC-owned firms as part of required overall 8(a) monitoring, to include tracking the primary revenue generators for ANC-owned firms and to ensure that multiple subsidiaries under one ANC are not generating their revenue in the same primary line of business. Then in our 2012 report, we found that SBA had not addressed this limitation and recommended that SBA develop a system that had the capability to track revenues from ANC-owned firms' primary and secondary lines of business to ensure that ANC-owned firms

under the same parent ANC are not generating the majority of their revenue from the same primary line of business.[12]

In our 2016 report, we found that SBA still had not developed such a system and thus was not effectively tracking and sharing the type of revenue information needed to ensure 8(a) ANC-owned firms are following the intent of 8(a) revenue rules.[13] For example, we found that without such a system, sister ANC-owned firms owned by the same ANC could circumvent the intent of the prohibition. In particular, one sister ANC-owned firm could generate a greater portion of revenues under its secondary line of business that another sister ANC-owned firm is using as its primary line of business. Although this type of activity is not prohibited, we determined that if such activity is left untracked, a firm's secondary line of business could effectively become its primary revenue source in the same line of business that its sister firm claims for its primary line of business without actually violating SBA's regulation.[14] During our 2016 review, we found 5 pairs of ANC-owned firms participating in the 8(a) program from fiscal years 2011 through 2014 that concurrently generated millions of dollars in the same line of business as their sister ANC-owned firm's primary line of business, while generating less or no revenue under their own primary line of business.[15] As we found then, such activity could, intentionally or not, potentially circumvent the intent of SBA's prohibition, and as discussed later, we recommended that SBA take action to prevent ANC-owned firms from circumventing this rule. Figure 1 below illustrates one example we reported on in our 2016 report.

[12]In 2006 and 2012, SBA did not respond in our report to whether it intended to implement these recommendations.

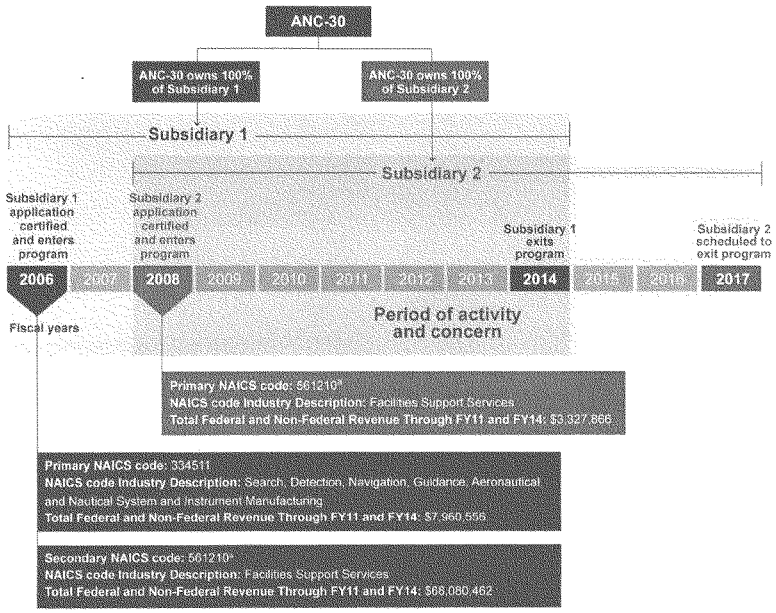
[13]SBA's regulation prohibit an ANC from owning 51 percent or more of an 8(a) applicant that is the sister subsidiary of another 8(a) participant, which either at the time of application or within the previous 2 years, has been operating in the 8(a) program under the same primary NAICS code as the applicant. However, two ANC-owned sister subsidiaries may share the same primary high-level NAICS code as long as they do not share the same subcategory with corresponding size standard. The prohibition's goal is to assist ANC-owned firms with diversifying their businesses in such a way that would enable them to survive in the market after they leave the 8(a) program.

[14]As mentioned earlier, a NAICS code describes a firm's primary describes a firm's primary or secondary line of business.

[15]At the time of our 2016 report, SBA's regulations did not require an ANC-owned firm to generate any revenue under its primary line of business (expressed as a NAICS code). Subsequently, SBA promulgated new regulations that allow it to change an 8(a) ANC-owned firm's primary NAICS code to the code that generates the greatest portion of the firm's revenues.

Figure 1: Example of Two Sister Subsidiaries Generating Millions of Dollars in Revenue in the Same Line of Business

From fiscal years (FY) 2011 through 2014, Alaska Native Corporation-30 (ANC-30) owned Subsidiary 1 when it generated much less in revenue under its primary North American Industry Classification System (NAICS) code 334511 while generating millions more in secondary NAICS code 561210 that was the same NAICS code that Subsidiary 2 used for its primary NAICS code. In effect, this activity could have potentially circumvented, but not necessarily violated, the Small Business Administration's (SBA) prohibition on sister ANC-owned subsidiaries sharing the same primary NAICS code.[a]



Period of activity and concern - Both subsidiaries concurrently received federal obligations and generated revenue in the same line of business under NAICS code 561210 while active in the 8(a) program from fiscal years 2011 through 2014. However, the subsidiaries' parent ANC did not violate SBA's prohibition because the subsidiaries did not both claim to use NAICS code of 561210 as their primary NAICS code.

Source: GAO | GAO-20-184T

[a]SBA prohibits ANCs from owning 51 percent or more of an 8(a) applicant that is the sister subsidiary of another 8(a) participant that, either at the time of application or within the previous 2 years, has been operating in the 8(a) program under the same primary line of business (expressed as a NAICS code) as the applicant.

Insufficient staffing levels in SBA's Alaska District Office: In our 2006 report, we noted that SBA lacked adequate staffing levels in the Alaska District Office—a district office responsible for the oversight of the majority of ANC-owned firms. Our reports, and a 2008 report issued by the SBA's Office of the Inspector General, have shown that inadequate staffing was a long-standing challenge and a consistent weakness that directly contributed to SBA's inability to provide adequate oversight. In our 2012 report, we noted that ANC-owned firms could quickly outgrow the program. It should be noted that we recommended that SBA evaluate its staffing levels in 2006, and in our 2016 report, we found that the staffing challenges persisted. As a result, we found that SBA needed a sustained and comprehensive approach to staffing its Alaska District Office in order to conduct sufficient oversight of ANC-owned firm activities. We were told that frequent staff turnover directly contributed to the limited number of staff in the Alaska District Office with ANC firm expertise—limiting their ability to conduct effective and timely oversight of the ANC-owned firms participating in the program. An SBA official told us at the time that the optimum number of staff for the Alaska District Office was five with no more than 100 assigned 8(a) firm files each; however, that office had 1.5 staff responsible for about 200 files each.[16] We found, based on SBA documentation and observation during our site visit to Alaska that, because of this staffing shortage, supervisory review of contract monitoring activities and annual reviews fell behind, resulting in a backlog of oversight duties related to ANC-owned firms.[17]

In 2016, we found that SBA took some short-term actions to address the issues that we identified, such as temporarily redistributing the management of ANC-owned firm files across several other district offices and within the Alaska District Office. As for long-term action, SBA officials provided us with documentation describing the program's long-term staffing strategy, which included succession planning and managing attrition. For example, SBA planned to hire four additional BOS, and an attorney who understands ANCs. At that time, SBA began implementing its staffing strategy by hiring additional business opportunity specialists for its Alaska District Office. However, we have not evaluated whether the

[16]Of the two staff we interviewed, one was part-time and new to the Alaska District Office.

[17]ANC-owned firms must submit annual reviews to their district offices documenting their progress over the program year. One of the objectives of the review is to monitor a firm's growth and progress towards attaining the ability to compete in the open market without SBA's assistance. Business opportunity specialists review the report and determine whether a firm has maintained its eligibility for the program.

agency implemented the remainder of its strategy for succession planning and managing attrition.

Inadequate program guidance: We reported that SBA lacked program guidance that could have assisted the Alaska District Office in improving staff's knowledge of program rules and monitoring practices. We initially raised our concern about the need for strong guidance in 2006 given the unique status in the 8(a) program and relationships entered into by ANC-owned firms. For our 2012 report, SBA officials told us that it was in the process of updating its program guidance for the program. However, in our 2016 report, we similarly found that staff lacked sufficient guidance and training on key program regulations and internal monitoring practices, and concluded that resulting inconsistent supervisory review of ANC transactions and related documentation increased SBA's vulnerability to compliance and fraud risks.

Several months after we issued our report in 2016, SBA issued updated standard operating procedures on program rules that address the 2011 regulatory changes related to sister ANC-owned firms receiving follow-on, sole-source contracts and sister subsidiaries sharing primary NAICS codes. In addition to updating the guidance, SBA also provided training to its Alaska District Office staff on its 2011 regulations, specifically training on prohibitions against follow-on sole source contracts. SBA officials also told us in 2016 that staff in the Alaska District Office were provided training in supervisory review and other critical file management procedures, which we noted were weaknesses.

SBA Has Not Yet Implemented Some Key Recommendations to Address Oversight and Monitoring Weaknesses

To address the weaknesses described above, as well as others related to oversight and monitoring, our 2006, 2012, and 2016 reports contained a total of 21 recommendations to SBA.

While SBA has fully implemented 15 of these recommendations, SBA has not implemented six recommendations—three of which we highlight in this statement. All six recommendations are important to enhancing SBA's oversight of ANC-owned firms in the 8(a) program.[18] We have not evaluated the operational effectiveness of SBA's actions to implement the 15 recommendations, but if effectively implemented, those actions should help SBA improve its oversight and monitoring of ANC-owned firms in the 8(a) program. In response to our recommendations, SBA's actions included

- providing training to its staff that emphasized regulations governing the requirement for procuring agencies to specifically state whether a contract is a follow-on contract in their offer letters, which could help reduce the award of a follow-on, sole-source contracts to sister ANC-owned firms;
- developing and enacting a regulation that gives SBA the authority, under certain circumstances, to change an ANC-owned firm's primary line of business (expressed as a NAICS code) to the NAICS code that generates the greatest portion of the firm's revenue; this action is intended to help SBA enforce rules preventing sister ANC-owned firms from operating in the same primary lines of business; and
- updating and providing written guidance to field staff officials on the enforcement of follow-on sole-source contract regulations.[19]

However, to date SBA has not provided us with evidence that it has implemented the three following recommendations, which if implemented as intended, could significantly improve its oversight of the 8(a) program. Absent action on these recommendations, SBA exposes the program to continued noncompliance.

[18]In addition to the three recommendations highlighted in this report, the remaining three recommendations were focused on addressing control weaknesses pertaining to determining when ANC-owned firms are obtaining a substantial unfair competitive advantage in an industry and guidance for agency contracting officers on how to comply with requirements of the 8(a) program, among other things.

[19]This is not an exhaustive list of the actions SBA reported taking to implement 15 recommendations. Further, we did not evaluate the operational effectiveness of the actions that SBA reported to us.

Tracking revenue data and other information on 8(a) ANC-owned firms: As previously discussed, SBA's regulation prohibits ANCs from owning multiple firms that operate under the same primary line of business (expressed as a primary NAICS code). In each of our 2006, 2012, and 2016 reports we identified weaknesses in SBA's ability to track this information in order to prevent sister ANC-owned firms from violating this rule or circumventing its intent. As a result, in 2006 we recommended that SBA track the primary revenue generators for ANC-owned firms and to ensure that multiple subsidiaries under one ANC are not generating their revenue in the same primary line of business, among other things. Similarly, in 2012 we recommended that, as SBA is developing a tracking system, it should take steps to ensure that the system tracks information on ANC-owned firms, including revenues and other information.[20] In 2006 and 2012, SBA did not indicate whether it agreed with and intended to implement these recommendations. However, during our 2016 audit, SBA informed us that it had plans to address this issue, but could not provide any details. We therefore recommended in 2016 that SBA document this planned method for tracking revenue generated under subsidiaries' primary and secondary lines of business. SBA agreed to implement this 2016 recommendation. As part of this recommendation, we stated that SBA's documentation should include milestones and timelines for when and how the method will be implemented. We also recommended that SBA provide the appropriate level of access to and sharing of relevant subsidiary data across district offices, including primary and secondary lines of business and revenue data, once SBA develops a database with the capabilities of collecting and tracking these revenue data.

In August 2018, SBA informed us that regulations promulgated in 2016 allow it to change an 8(a) ANC-owned firm's primary line of business under certain circumstances if the greatest portion of the firm's revenues evolved from one line of business to another. In our 2016 report, we concluded that the new regulations were a step in the right direction but would be difficult to implement effectively without the proper tracking and visibility of revenue data that we describe above and in our 2016 report. In 2018, SBA officials noted that they were testing an analytics tool that, they said, would allow them to track revenues for ANC-owned firms, as we recommended. SBA's estimated completion date for the evaluation and implementation of this tool was December 31, 2018, but as of

[20]This recommendation also recommended that SBA use this database to track other contract information on 8(a) contracts to help ensure that district officials have information necessary to enforce the 8(a) program regulations.

October 2019, SBA has not been able to provide documentation on whether this action has been implemented. We will continue to monitor SBA's efforts to implement this recommendation.

Criteria thresholds for contract modifications: As we reported in 2006, SBA regulation requires that when the contract execution function is delegated to the procuring agencies, these agencies must report to SBA certain 8(a) information, including contract modifications.[21] Further, the agreements between SBA and the procuring agencies that we reviewed in 2006 require that the agencies provide SBA with copies of all 8(a) contract modifications within 15 days of the date of the contract award. However, in our 2006 report, we found that contracting officers were not consistently following these requirements. While some had notified SBA when incorporating additional services into the contract or when modifying the contract ceiling amount, others had not. Hence, we recommended that when revising relevant regulations and policies, the SBA Administrator should revisit the regulation that requires agencies to notify SBA of all contract modifications and consider establishing thresholds for notification. In 2006, SBA disagreed with this recommendation and thus had not revisited this regulatory requirement, but rather reiterated a preexisting requirement to provide all contract modifications, including administrative modifications, to SBA. We determined that this action did not fulfill our recommendation as it does not help to ensure that agencies are going to comply with the regulatory requirement.

Small businesses potentially losing contracts to 8(a) ANC-owned firms: In our 2006 report, we found SBA's oversight had fallen short in that it did not consistently determine whether other small businesses were losing contracting opportunities when large, sole-source contracts were awarded to ANC-owned firms. Further, we found cases where SBA did not take action when incumbent small businesses lost contract opportunities when ANC-owned firms were awarded a large sole-source contract. Hence, we recommended, that when revising relevant regulations and policies, the SBA Administrator should consistently determine whether other small 8(a) businesses are losing contracting opportunities when awarding contracts through the 8(a) program to ANC-owned firms. SBA did not agree with this recommendation, nor did it

[21]Through partnership agreements between SBA and procuring agencies, SBA may delegate some responsibility for contract execution and administration to the contracting officers at the procuring agencies.

address the intent of this recommendation by developing a procedure to consistently perform this action. Instead, SBA reported to us that in 2009 it performed a single analysis of a limited set of procurement data from a limited period and concluded the data did not indicate that other small 8(a) firms (e.g., small businesses which are unconditionally owned and controlled by one or more socially and economically disadvantaged individuals, such black-owned and Hispanic-owned firms) were losing contracting opportunities to ANC-owned firms. We continue to believe that without a strategy for consistent monitoring of this issue, SBA is limited in determining the extent to which other small 8(a) businesses are being adversely impacted by contracts awarded to ANC-owned firms.

In summary, the findings I have described in my statement today have persisted over time as SBA has struggled to articulate and execute an effective overall monitoring and oversight strategy. Implementing our remaining recommendations could help SBA address its monitoring and oversight control weaknesses in a comprehensive manner.

Chairwoman Chu, Ranking Member Spano, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contact and Staff Acknowledgments

For further information regarding this testimony, please contact Seto J. Bagdoyan, (202) 512-6722 or bagdoyans@gao.gov. In addition, contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this testimony are: Latesha Love (Assistant Director), Tatiana Winger (Assistant Director), Flavio Martinez (Analyst in Charge), Carla Craddock, April VanCleef, Tracy Abdo, Marcus Corbin, Colin Fallon, Julia Kennon, Barbara Lewis, Michele Mackin, Maria McMullen, James Murphy, Anna Maria Ortiz, William Shear, and Erin Villas.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission	The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.
Obtaining Copies of GAO Reports and Testimony	The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (https://www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to https://www.gao.gov and select "E-mail Updates."
Order by Phone	The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, https://www.gao.gov/ordering.htm. Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537. Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.
Connect with GAO	Connect with GAO on Facebook, Flickr, Twitter, and YouTube. Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts. Visit GAO on the web at https://www.gao.gov.
To Report Fraud, Waste, and Abuse in Federal Programs	Contact FraudNet: Website: https://www.gao.gov/fraudnet/fraudnet.htm Automated answering system: (800) 424-5454 or (202) 512-7700
Congressional Relations	Orice Williams Brown, Managing Director, WilliamsO@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548
Public Affairs	Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548
Strategic Planning and External Liaison	James-Christian Blockwood, Managing Director, spel@gao.gov, (202) 512-4707 U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548

Please Print on Recycled Paper.

Statement of Joseph Valandra

Executive Director

Native American Contractors Association

Legislative Hearing on:

Native 8(a) Contracting: Emerging Issues

The Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

October 22, 2019

Introduction

The Native American Contractors Association (NACA) expresses our sincere appreciation to Chairwoman Chu and the Investigations, Oversight, and Regulations Sub-Committee of the House Committee on Small Business for providing us this opportunity to share NACA's views, concerns, and recommendations related to the Small Business Administration's Business Development 8(a) program.

Established in 2003, and located in Washington, DC, NACA is a 501(c)6 trade association formed with the purpose of advocating on behalf of Community-owned Alaska Native Corporations ("ANC"), Native Hawaiian Organizations ("NHO"), and tribal corporations engaged in federal contracting. NACA's mission is to protect the rights of Native American communities to create economic development through government contracting, as a result of the unique nation-to-nation trust relationship between the federal government and Natives. This relationship is recognized in the Constitution and treaties. Our membership consists only of companies owned by Native American tribes, Alaska Native Corporations, and Native Hawaiian Organizations, all of which return their profits to enhance their communities and the lives of their community members. NACA members proudly serve our federal customers in all 50 states and internationally and simultaneously support Indian Country, touching the lives of hundreds of thousands of Native Americans, Alaska Natives, and Native Hawaiians.

Effective. Transformative. Powerful. These are not descriptions often associated with Federal Indian Policy. NACA is pleased to able to say that the 8(a) program has become one of the most effective, transformative, and powerful economic development tools for both creating and diversifying economies all across Indian Country, from Alaska to Oklahoma, from Maine to California. The 8(a) program works.

The history of U.S. Government policy toward Native Americans has been long, disastrous, and shameful. The SBA 8(a) contracting program is one of the only federal programs that has been successful for Native American communities. It has helped

provide economic opportunity and increased investment in Native communities. This has resulted in improved sanitation, increased access to health care and education, and more up-to-date infrastructure. Our communities are still disadvantaged, and much more work needs to be done, but the program is working.

Congress should think long and hard before undertaking any changes to Small Business contracting rules that could in any way limit Native community involvement or access to contracting revenue. Any proposed changes to the program must involve extensive, meaningful consultation with impacted Native community leaders.

Background on the 8(a) Business Development Program and Native Communities

The SBA Small Business Development Program under Section 8(a) of the Small Business Act was created to assist eligible small disadvantaged businesses in the economy through business development. This includes providing participating small businesses with training, technical assistance, and contracting opportunities in the form of set-aside and sole-source awards. The expansion of the Small Business Administration's mission to bring tribes, ANCs, and NHOs into the 8(a) program is a part of Federal Indian Policy. ANCs, tribally owned businesses, and NHOs participate in the Small Business Administration's Section 8(a) business development program as Community-owned entities representing disadvantaged communities. Recognizing the significant impact tribal enterprises have on tribal economies, in 1982 the Act was amended to permit tribal enterprises to enter negotiated sole-source contracts with federal agencies. As Community-owned Native organizations, Alaska Native Corporations (ANCs) were included in 1988, and Native Hawaiian Organizations (NHOs) in 2002. These provisions acknowledge the tremendous benefits Native 8(a) enterprises provide to entire communities of disadvantaged individuals, not just individual business owners. By creating provisions specific to Native Community-owned entities, the 8 (a) program recognizes the Federal government's trust relationship with Native peoples and the government-to-government relationship with tribes and ANCs. The program has allowed tribes, ANCs, and NHOs to compete successfully for federal contracts, directly and

indirectly creating jobs and economic opportunity in Native communities across the country, even in isolated, rural areas.

Native contractors that participate in the 8(a) business development program provide jobs and are integral to the growth of not only Native economies, but the U.S. economy as well. The 8(a) program is an effective tool for tribal communities to generate income for themselves and become more self-sufficient and independent. The result is a mutually beneficial outcome for Native communities and the U.S. taxpayer as profits from 8(a) contracts continue to fund much needed Native community programs that may have otherwise been financed by taxpayer dollars or may not have been funded at all.

It is evident that when qualified and capable entities participate in the U.S. Small Business Administration Business Development 8(a) program, economies improve, communities and participants become more self- sufficient, and valuable services and products are provided. Over the last decade, the SBA has continuously improved upon their assessment of 8(a) applicants to ensure that eligible tribes wishing to participate are federally or state recognized tribes. NACA takes pride in the fact that our member Native enterprises have transparent, accountable, and successful ethics and compliance programs. NACA ardently supports the 8(a) program and advocates following a process for participation that respects and adheres to the law as intended, so that Native communities can continue to grow and prosper under this compelling and necessary small business program.

Entire Communities benefit from the 8(a) program

Communities participating in the SBA's 8(a) contracting program invest heavily in their communities. No other participants in the 8(a) program exist for the benefit of entire at-risk communities: the communities that own and control those companies. In GAO report 12-113 from March 2016, an appendix provided an example of an ANC-owned 8(a)'s benefit report submission. Unlike all other federal contractors, Community-owned Native entity participants in the 8(a) program must provide annual benefits reports. The report

listed employment, economic benefits, economic and community development, health, social and cultural support, lands management, and education and development as the six categories of benefits reported. Each tribe, ANC, or NHO determines what kind of benefits and reinvestments are best for the communities they serve. The board of directors for each Native Community-owned business must also decide whether they can distribute benefits based on the health and size of their businesses. Here are some examples of how NACA members benefit their communities.

Benefits

Business Profits Returned to Communities

Community-owned Native enterprises are mandated to return/reinvest part of their profits in their communities. As noted, these benefits are vital to the stability and survival of most Native communities. As you can imagine, the financial impacts are substantial for NACA member communities.

Examples of how the Native 8(a) small businesses benefit and enrich an entire community are too numerous to give a complete list.

Job creation

While the SBA's 8(a) contracting program is an economic development program, not a jobs program, NACA member companies have created thousands of jobs, directly and indirectly, as a result of participation in the 8(a) program. The direct jobs created in contracting have allowed our members to provide career pathways in engineering, accounting, and sales. The range of jobs available in federal contracting is enormous and all of those possibilities are now accessible to our younger generation. Jobs indirectly created through investments made possible by profits from federal contracting have also dramatically increased. These jobs and income that would never have been possible without the 8(a) program. One can imagine the hugely positive multiplier effect on local economies.

Investing in the Community

NACA businesses also assist their Native communities by providing resources to invest in youth (Head Start and early childhood education); education including Native language revitalization programs and scholarships for post- secondary education, vocational training, and job training programs; and Native history and cultural preservation. They also invest in infrastructure, housing, elder care, healthcare and other community priorities. None of this community investment would be possible without Native Community access to the SBA 8(a) program.

Legislative Recommendations

NACA strongly supports the Small Business Act and related programs due to the hope and opportunity it brings to historically disadvantaged Native communities. The 8(a) small and disadvantaged business development program is functioning as Congress intended, by promoting the economic well- being of Native Americans. However, we believe that the reauthorization of the Small Business Act provides us an opportunity to strengthen and reinforce Congress's intent to empower Native communities to build strong Native economies. Below are recommendations we are asking the House Small Business Committee to consider when discussing the Small Business Act Reauthorization.

First and Foremost, Consider Indian Country and Do No Harm

NACA requests that any legislation that may be proposed or considered by Congress and/or this Committee must strongly consider the impact to Indian Country and if found harmful be disregarded. In all cases Consultation with Indian Country must be pursued. Our members tend to have limited resources and exist in small and often isolated communities that cannot always keep abreast of legislative developments. This makes it is imperative that members of this Committee always keep in mind how their efforts to modernize, streamline, and "improve" the Small Business set-aside programs, however well intended, may unintentionally negatively impact NACA member companies and the communities that rely on them. No other economically disadvantaged communities rely on the SBA program the way Native communities do.

For example, recent efforts in the House and Senate to update the SBA's contracting programs have not considered how those changes could impact the 8(a) program. One proposal, the Senate's version of the Small Business Reauthorization went so far as to give all contractors participating in the SBA disadvantaged programs the same contracting sole source capabilities as those of current 8(a) participants. It was justified as "parity," although this is not the case. While this may be good for certain contractors, this change would essentially end the 8(a) program as we know it for minorities and the disadvantaged. In a rush to lift up some disadvantaged individually-owned companies, other minority and disadvantaged contractors in the 8(a) program would be put at a disadvantage because they are only eligible to participate in the 8(a) program for 9 years, whereas some other individually-owned companies do not have any time limits.

NACA also opposes recent proposals to dramatically increase sole source contract sizes for many set asides, also in the name of supposed "parity." Again, although it is admirable to support individual entrepreneurs in these set-aside programs, supporting these individuals should not come at the cost of reducing opportunities for Native communities or dramatically increasing competition for federal contracts. NACA believes that maintaining the difference between individual and Community-owned entity participation in government contracting set asides is important to achieving two important mandates of the Small Business Administration: 1) support small business diversification through entrepreneurship and 2) support communities, particularly Native American communities, through business development. These goals can be achieved by keeping the different programs distinct, with clear objectives, and by keeping contract awards size appropriate. Contractors benefitting entire communities, like NACA members, should be eligible for larger contract awards. It is only fair.

Clarity in Legislative Proposals

NACA opposes any legislative language that hides the true size of contracts by using terms only specialists understand. In particular, we are alarmed about legislative proposals that would increase individually owned small business contracting amounts to

levels that would blur the distinction between individually-owned and Community-owned companies. The language used suggests a reasonable increase in contracting awards. NACA supports a meaningful but reasonable increase in the current cap on awards but opposes elimination of option year amounts from the calculation of total contract value. By removing "including option years" from the language of the Small Business Act, the true total potential value of federal contracts is not clarified. Instead of an increase of contract sizes by 40-50%, as some language suggests, the true increase could be as much as 1000% over the life of the contract because "including option years" is removed from calculating the total contract award amount under the Small Business Act. Again, due to unclear language, the potential for harm and unintended consequences are greater. If it is the intent of the legislation to increase sole source contract awards for individuals from the current 4-7 million potential award cap to 35-50 million or more, the legislation should be clearly stated.

Additional Recommendations

Increase Education and Funding for the SBA

To improve awareness of the SBA's 8(a) program procurement policies, NACA supports the following to educate the contracting workforce on how to take advantage of qualified and capable Native and other small business contractors to meet their agency mission needs:

- Outline the procedures and processes involved in procuring required goods or services that are ideally met by utilizing the SBA's 8(a) program. This can be accomplished through guidance distributed by federal agencies through memorandums and policy memos.
- Provide resources to contracting offices that are simple, easy to understand, and clear on how the SBA's 8(a) program can be utilized. These could include, but are not limited to educational literature, information-sharing events, and stakeholder engagement.

- Assist in the development of webinar training for all new, incoming, contracting officers that, upon completion, will result in an 8(a)-contracting certification. This would be required for all new hires.
- Create opportunities for NACA to engage with federal agencies to provide training and elevate awareness of the importance of Native contracting to economic development and the factors that make this program unique from other small business programs.

Recommendations of the Section 809 Panel

This Panel of contracting "experts in acquisition and procurement policy" was appointed pursuant to Section 809 of the FY2016 NDAA to make recommendations on improving Department of Defense contracting policy. For some reason, however, the panel members were heavily skewed toward experts who had served in government, military, or large contracting firms. Small business representation was very limited, and no representatives from the Small Business Administration were included. Nor were any representing Native Community-owned contractors.

Although the panel has met several times over the years, the Panel conducted very limited outreach to tribally owned contractors, Alaska Native Corporations, and Native Hawaiian Organization owned small businesses. Native Community-owned small businesses have an extensive experience in contracting with the Department of Defense, resulting in consistently high ratings from their DoD customers. None of this history was reflected in the panel's recommendations.

Unsurprisingly, then, the panel's recommendations included several items geared towards limiting or restricting small business contracting, and an overarching theme claiming that sound DoD acquisition policy and a strong war footing is somehow "inconsistent" with small business contracting. We strongly object to the panel's makeup, its overall mindset, and many of its recommendations. We urge the Committee to reject

the panel's recommendations that relate to small business contracting as unwise and unfounded.

Category Management

Category Management limits opportunities for Native Community-owned contractors and creates a non-competitive environment for federal contracting in general. This harms all small business contractors. Category Management mandates the transition to "Best- in-Class Awards" (BIC) as a vehicle for acquiring goods and services; this works against the Small Business Program as newer, less experienced small businesses are overlooked in favor of the larger, more experienced, traditional firms. We urge the Committee to reject any proposals to institute Category Management as federal acquisition policy.

Backlog in Processing Security Clearances

In order to provide services to the federal government, contractors must be able to provide a skilled and qualified workforce. This includes the ability to obtain security clearances for both individuals and facilities. Obtaining these clearances is a major hurdle for not only Native 8(a) firms, but for all small businesses. The clearance process has statutorily established timeframes that are unable to be met as more investigations are needed. Increasing backlogs, wait times, and interagency duplication are major hurdles for small business contractors. We strongly support the set of contracting industry recommendations known simply as the "Four Ones:"

- One Application — one standardized and digitized application for all clearance determinations, updated continuously and stored securely, 8 to form the "permanent digital record" for the initial and any subsequent suitability, access, or clearance determinations.

- One Investigation — enabling a dynamic, ongoing examination of individual risk by implementing continuous evaluation.

- One Adjudication — streamlining and standardizing the overly complex adjudication system so that one agency's clearance decision is respected by other departments and agencies, promoting reciprocity and efficiency.

- One Clearance — recognized across the entire Government, transferable from department-to-department, agency-to-agency, and contract-to-contract.

Prioritization of high-value clearance processing must replace the current one-size-fits-all approach.

Conclusion

It is evident that when qualified and capable entities or individuals participate in the U.S. Small Business Administration Business Development 8(a) program, economies improve, communities and participants become more self- sufficient, and valuable services and products begin to become more accessible to those who need them. NACA ardently supports SBA's 8(a) contracting program so that contracting companies owned by Native communities, and those owned by disadvantaged individuals, can continue to grow and prosper under this important and necessary small business program.

Thank you for granting NACA the opportunity to provide testimony on this important subject. The focus and effort afforded the SBA, Native Enterprises and the 8(a) Program is a crucial component of ensuring that Congress meets its unique obligation and interest in providing for the self-determination of Native Americans, along with other at-risk groups. NACA applauds the Committee's investment in ensuring that Native communities have the tools necessary to develop and grow their economies. Providing for the continued success of small business government contracting as an economic development tool is fundamental to this goal.

Written Testimony
Ho-Chunk Inc.
Annette Hamilton, Vice President and Chief Operating Officer
House Small Business Subcommittee on Investigations, Oversight & Regulations

Oversight Hearing "Native 8(a) Contracting: Emerging Issues"

October 22, 2019
10:00 a.m.

Good morning Chairwoman Chu, Ranking Member Spano and members of the Subcommittee. Thank you for the opportunity to provide testimony on emerging issues in Native 8(a) contracting. I am Annette Hamilton, Vice President and Chief Operating Officer of Ho-Chunk Inc., a tribally-owned corporation of the Winnebago Tribe of Nebraska.

The designation of Indian tribes as socially disadvantaged for purposes of the 8(a) program arose due to the high levels of unemployment across Indian Country, often in excess of 60%. Like other governments, tribal governments are responsible for the health and welfare of their tribal citizens. But relocation to remote areas of the Country, along with failed federal policies, led to disparate treatment of tribal governments and their citizens in areas such as healthcare, education, homeownership, and left few opportunities for economic development. Acknowledging the need to create entrepreneurship and economic development opportunities for tribal governments and their citizens, tribes were included in the 8(a) program to spur economic opportunity and Ho-Chunk, Inc. believes 8(a) has been one of the most successful and consistent federal programs aimed at creating economic opportunities and affecting generational change in Indian Country.

As described in the following testimony, the role of 8(a) corporations in Native Communities differs from other contracting entities. Native 8(a) corporations are in business to enhance the economic and social conditions of the tribes who own the corporations – not just a single owner or small number of owners. That is why protecting the current Native 8(a) program and current programs aimed at encouraging contracting with (8a) corporations is so important. It is the role of both Congress and the Administration to ensure that a fair proportion of federal contracting is awarded to small businesses, however, there are several pending administrative and policy issues that are having a direct impact on the future of Native 8(a) contracting.

Background of 8(a) Contracting:

In 1953, Congress passed the Small Business Act, creating the Small Business Administration (SBA). The charter of the SBA stated that SBA would ensure small businesses a fair proportion of government contracts and sales of surplus property. Congress created the 8(a) Business Development Program so the SBA could help small companies owned and operated by socially and economically disadvantaged persons develop their businesses. The overall goal of the 8(a) Program is to provide firms with the tools to thrive in the competitive business market.

One of the business development tools of the 8(a) program is the award of Federal contracts. To help provide a level playing field for small businesses owned by socially and economically disadvantaged

people or entities, the government limits competition for certain contracts to businesses that participate in the 8(a) Program. Under the program, SBA acts as a prime contractor and enters into contracts with other Federal Government departments and agencies. In its role as a prime contractor, SBA awards subcontracts for their performance by certified companies.

In 1986, Indian tribes, as owner-groups, became eligible for the 8(a) program when Congress passed legislation providing that firms owned by Indian tribes were to be deemed socially disadvantaged for 8(a) Program purposes. During the 1980s, other owner-groups became eligible for the Program, including Community Development Corporations (CDCs), Alaska Native Corporations (ANCs), and Native Hawaiian Organizations (NHOs).

There are several exceptions to the 8(a) program rules for entity-owned participants based on the acknowledged lack of economic resources and access to capital for tribes and the other community-based organizations. These few exceptions to federal regulations allow entity-owned companies to provide revenue to their tribes that is used for health care, infrastructure for very rural communities, education, housing, language and cultural retention and revitalization, and other important tribal initiatives.

The 8(a) Business Development Program certification and participation is governed by regulations contained in 13 CFR 124. These regulations are primarily the same for both individual and tribally-owned corporations, with some exceptions for "group" or entity-owned firms. All 8(a) companies, including tribally-owned, must meet strict certification qualifications, are restricted to nine years in the Program, must be small, must report on their progress in the program annually, and must meet the limitations on subcontracting, among other CFR and FAR contracting rules.

The primary exceptions for entity-owned firms are the ability for tribes to own multiple firms in the 8(a) program and the exemption from competitive thresholds for sole source awards. These few exceptions to the Program allow entity-owned firms to provide profits to benefit communities, sometimes numbering in the hundreds of thousands of tribal citizens, as opposed to individually-owned firms that provide benefits to only the owner.

Entity-owned firms, however, are the only 8(a) Participants that have a regulatory requirement that they must report on the benefits they provide to their communities during each required annual update. In addition to the requirements of an individual applicant, tribally owned firms must submit documentation with their applications that they are included on the official Bureau of Indian Affairs list of federally acknowledged Indian Tribes in the contiguous 48 states and Alaska. Tribes must also show that the applicant companies are owned and controlled by the tribe. If a non-tribal person is managing the 8(a) company, the tribe must retain control of the company and have a management plan in place that shows how the tribe is mentoring and developing tribal members to manage its companies in the future.

The Winnebago Tribe:

The Winnebago Tribe's history is similar to the history of many tribes in the United States. Originally, a Woodlands tribe, the Winnebagos (traditionally know as Ho-Chunk), lived on lands in what is present day Kentucky. Through a series of removals, the Winnebago Tribe – those who survived – were required to purchase a small reservation in what is now northeast Nebraska. By

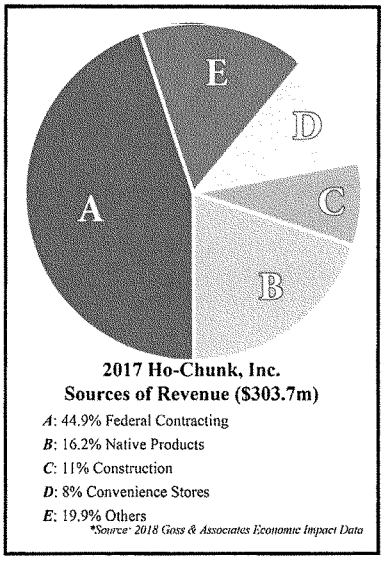
1913, however, two-thirds of the reservation was lost due to the Dawes Act which divided up parcels of land which was ultimately taken out of tribal jurisdiction and became individually-owned parcels. It wasn't until the 1970s, following hundreds of years of federal policies of assimilation and termination, that the federal government ushered in the era of self-determination where self-governance and governmental decision-making were seen as critical tools to reverse decades of failed federal policies for tribes.

The self-determination policy led to enactment of laws and programs designed to allow tribal governments to develop their economies. The Indian Gaming Regulatory Act, enacted in 1988 was part of that movement. However, while gaming is successful for some tribes – primarily those located close to urban centers – it was not the answer for many tribes, such as the Winnebago Tribe of Nebraska. Understanding that gaming would not sufficiently provide for the long-term economic well-being of the tribe and its citizens, nor would it create the next generations of entrepreneurs, the Winnebago leadership used the modest gaming income from its casino and started Ho-Chunk, Inc. in 1994.

Ho-Chunk, Inc.'s History:

When Ho-Chunk, Inc. started in 1994 with one employee on the Winnebago Indian Reservation, there was no business infrastructure nor human resources to start an economy from scratch. The only available opportunity was to market tobacco on the reservation and to other Tribes around the country, in addition to retailing discounted gasoline on the reservation. These were simple business models possible without complex infrastructure nor major capital investment.

The businesses provided much-needed employment and revenue directly funding community development, scholarships, internships and educational endowments. However, Tribal leaders and Ho-Chunk, Inc. management knew the organization would need to diversify beyond these industries for long-term success because of volatility from jurisdictional and tax issues.



In the early 2000s, a new economic pathway emerged when tribes started successfully participating in the Small Business Administration 8(a) Business Development Program. Ho-Chunk, Inc. started its first contracting division with five employees within All Native Systems. Today, Ho-Chunk, Inc. has over 1,200 employees and three federal contracting divisions – All Native Group, Flatwater Group and HCI Construction Group – that have grown into prime contractors, successfully leveraging past performance to expand into new contracting arenas.

The Ho-Chunk, Inc. contracting divisions each have subdivisions actively participating in the SBA 8(a)

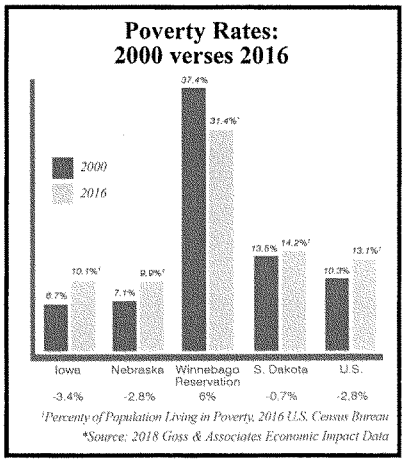
program. A number of these companies hold notable certifications that enable the organization to provide key services to partner government agencies, including: HUBZone Certification, Buy Indian Programs, ISO 9001:2015, and CMMI-SVC Maturity Level 3 appraised.

SBA 8(a) contracting is a significant driver of the company's direct and indirect employment, and a key financial driver of programs, investments and partnerships that are creating economic sustainability and self-sufficiency for the Winnebago Tribe. Significant socio-economic growth factors include employment, household income, home ownership and education. As a result, more Tribal members are emerging from poverty at a greater rate than ever before, proving the 8(a) program is working as intended and has begun to create an economic foundation for the Winnebago Tribe and its citizens.

Ho-Chunk, Inc.'s Tribal Economic Impact

Ho-Chunk, Inc. commissioned an independent study in 2018 from Goss & Associates Economic Solutions of Omaha, Nebraska. The study reported these findings for the Winnebago Indian Reservation. Ho-Chunk, Inc.'s work in SBA 8(a) contracting is a major driver of the Tribe's social and economic progress, including:

- Household income on the reservation grew 83% from 2000 to 2016, rapidly outpacing the national average and surrounding states of Iowa, Nebraska and South Dakota.
- The number of people living in poverty decreased 6% from 2000 to 2016, however the poverty rate still remains at a staggering 31.4% on the Winnebago Reservation compared with 10% to 14% nationally and in surrounding areas.
- Home ownership increased 8.4% from 2000 to 2016, and median home values climbed 24% from 2011 to 2016.
- Enrollment in the Winnebago Public School District grew 43% since 2001.
- Adults with a bachelor's degree or higher on the reservation increased 70% since 2011.



Ho-Chunk, Inc. has also grown into one of the largest regional businesses because of 8(a) contracting work and is a major economic driver for the greater tri-state area of Nebraska, Iowa and South Dakota.

The Goss & Associates study includes local, regional and national economic impacts from the organization's work in SBA 8(a) contracting. The economic impacts from SBA 8(a) contracting listed below were compiled using input-output multipliers, including sales, earnings, and job impacts, in addition to estimating the impacts on yearly state and local tax collections.

Ho-Chunk, Inc.'s SBA 8(a) Contracting Regional Economic Impact (2013 to 2017)

- $224 million for Sioux City (Iowa) Tri-State Metropolitan Statistical Area
- $114.6 million for the State of Nebraska
- $69.3 million for the State of Iowa
- $26.1 million for the State of South Dakota
- $13.9 million for the Winnebago Indian Reservation
- $1.58 billion in output for all other states
- Ho-Chunk, Inc.'s SBA 8(a) contracting work has also significantly contributed to state and local taxes, with recent impacts of $16 million to $18 million in annual tax revenue. *Source: 2018 study by Goss & Associates Economic Solutions of Omaha, Nebraska.*

Ho Chunk, Inc. has not only benefitted the Winnebago Reservation and local governments, the company has hosted hundreds of visits from tribes across Indian Country, freely sharing business knowledge and its approach to social and economic advancement. Ho-Chunk, Inc.'s approach is now considered a standard in modern tribal economic development and self-determination.

About Ho-Chunk, Inc.'s Federal Contracting Divisions

All Native Group - All Native Group is the company's largest division, comprised of a network of small businesses that support the critical missions of various U.S. government customers. As a tribally-owned and operated government services provider, ANG specializes in information technology (IT), telecommunications, health, logistics, specialized training and other professional services in the government sector. ANG supports a breadth of government agencies including the Department of Defense, Department of State, Department of Labor, Department of the Interior, Commerce Department, General Services Administration, U.S. Strategic Command, Defense Threat Reduction Agency, NASA, Department of Homeland Security and the U.S. Navy, Air Force and Army. ANG has support offices in Fairfax, Virginia and recently opened its newest satellite office in Colorado Springs, Colorado. In addition to providing a range of government services, ANG offers training and job opportunities for Native Americans in the government sector,

As a sampling of some of their accomplishments, last year the company was selected to provide information technology and cyber security support for the U.S. Army's Network Enterprise Technology Command supporting the command's operations around the globe. ANG was also contracted to provide support to the Defense Health Agency (DHA), Solutions Delivery Division (SDD) to establish effective cybersecurity for a variety of systems under the DHA umbrella. The opening of All Native Group's Colorado office is the latest move for the company as it expands its reach and expertise in the government IT and cybersecurity space.

Flatwater Group - Our Flatwater Group is a collection of companies that provide a range of products and services for government and commercial clients. Business lines include professional services, business technology solutions, interior furnishing and design, healthcare solutions, metal products, transportation and logistics.

The Flatwater Group supports a range of government clients, including Department of the Interior, Defense Logistics Agency, Department of Commerce, Department of the Treasury, the Department of Health and Human Services and numerous others.

Through SBA 8(a) contracting work, The Flatwater Group is also helping other tribes create jobs, revenue and economic opportunity. An example is current work with the Department of Energy and Mineral Development. The U.S. government recognized a Flatwater Group mineral geologists for creating a new type of adobe brick at a project site in New Mexico. The sustainable building material is made from natural materials found and manufactured in Jemez Pueblo, a Native American settlement.

That is one of many examples how the Flatwater Group's work helps creates jobs, revenue and opportunity in the Winnebago community and across Indian Country.

HCI Construction Group - HCI Construction Group is made up of several companies that work in construction, building and construction management. The group specializes in commercial/industrial construction, residential housing design and development, building renovation, concrete projects, and design-build expertise. HCCG has extensive experience in the construction of publicly-funded projects for local, state, and federal government agencies. Public agencies have found HCCG to be responsive to their needs, accountable and fair.

The group started in 2001 as a general construction company with the goal of helping diversify Ho-Chunk, Inc. by competing for SBA 8(a) construction contracts and utilizing HUBZone advantages. The company also helps Ho-Chunk, Inc. keep dollars in the Tribal economy by doing construction on Ho-Chunk, Inc. developments and other projects in the Tribal and surrounding communities. HCI Construction earned its SBA 8(a) designation in 2002 and graduated from the program in 2011. In that time, the group completed several SBA 8(a) and HUBZone projects in addition to establishing itself as a major general contractor in Sioux City, Iowa and the surrounding tri-state region of Nebraska, Iowa and South Dakota.

Ho-Chunk Builders was established in 2005. HCB received its SBA 8(a) designation in 2010 and graduated in 2019. The company's initial focus was civil contracting and it completed several projects for the USACE. In recent years, the company shifted to general contracting and has completed projects for numerous federal government agencies.

HCCG is known for its experience in delivering planning and design management, cost and schedule control, quality assurance, thorough reporting and record-keeping, in addition to an outstanding worker safety record.

Past performance includes National Parks Service, General Service Administration (GSA), Indian Health Services (IHS), Bureau of Indian Affairs (BIA), Iowa Air National Guard (IANG), Nebraska Air National Guard (NANG), and Offutt Air Force Base near Omaha, Nebraska.

In the Winnebago community, HCCG's impact is visible. The company has and continues to contribute significant work toward the Tribe's housing priority, including the Ho-Chunk Village expansion. The group is working with the Winnebago Housing and Development Commission on a new elder housing complex and is providing design and building services for a new school building at the St. Augustine Indian Mission. HCCG is also working with the Winnebago Tribe of Nebraska for construction of new facilities, including Winnebago Transit building and a new halfway house.

Excellence in Contracting – The work of Ho-Chunk, Inc. and its subsidiaries has been consistently recognized for excellence in operations and honored for its work in federal government contracting. Just last week the U.S. Department of State recognized All Native Group with the Secretary's award for Excellence in Small Business Contracting. Other significant awards include recognition as the Minority Business Development Agency Advocate of the Year from the Department of Commerce, the Small Business Prime Contractor of the Year from the U.S. Department of State, and the SBA's Minority Small Business Person of the Year was awarded to CEO Lance Morgan.

These awards are indicative of the high standards, accomplishments and capacity of Ho-Chunk, Inc. to receive and carry out contracts that meet the needs of the federal government – both domestically and internationally – and highlight how this type of business can succeed and thrive in Indian Country. All with the goal and mission of improving the lives of tribal citizens and providing tribal governments with the tools they need to strive for self-sufficiency.

Policy Issues:

SBA Systems: The SBA has modernized the 8(a) application and annual reporting process through the SBA.Certify system. The system was designed for an individual applicant and not entity-owned applicants. The Administration has tried to address the system deficiencies through training and some workarounds, however, the additional documentation required for entity-owned firms is difficult to fit into the system as it is currently designed. Ho-Chunk, Inc.'s experience has shown that the SBA analysts also have a difficult time finding submitted documentation in the system. There is a lack of communication ~~within~~ between the SBA and applicant companies regarding the submitted applications, and a lack of transparency in the system.

Ho-Chunk, Inc., recommends that the SBA make available to all 8(a) applicants the information that the SBA district offices can see in the system. An SBA Business Opportunity Specialist (BOS) can view the application and see where it is in the review process. HCI would request that SBA make this same view available to any and all applicants.

The incompatible system and lack of transparency make it difficult for every 8(a) applicant to work within system as currently structured. Many applications are delayed, and then requests for additional information are received, further delaying the application process which impacts 8(a) applicants business planning capabilities.

Category Management: While category management was initially implemented with the intent of providing federal agencies with a more streamlined federal acquisition process intended to increase efficiencies, it has instead had significant unintended consequences on contracts available to small businesses. Category management procurement policies have suppressed the competitive environment, sequestering contracts that were formerly accessible by 8(a) small businesses.

A major issue is that category management is used to remove small business contracts from the jurisdiction of the Small Business Administration without notice or justification. This is not only contrary to regulation, but puts 8(a) companies at a disadvantage. For instance, the All Native Group lost a contract due to category management. All Native Group had developed a strong record of performance on the contract and it took almost a year to determine the contract had been

swept up into category management and awarded to one of the major contracting companies, despite past performance and specialization on the project. The adverse effects of this incident are two-fold; first, All Native Group lost a contract that provided revenues to the Winnebago Tribe to improve conditions on the Reservation, and second, if that contract comes up again, All Native Group will have lost its ability to show past performance to compete for that contract.

This is happening across agencies and is further exacerbated because the Small Business Administration is not part of the governing council on category management and, therefore, cannot advocate when small businesses will be harmed by category management policies. Ho-Chunk, Inc. recommends that any acquisition for a contract to be awarded under the procedures of section 8(a), (including an acquisition for commercial items) shall be exempt from the procedural requirements of agency-level or government wide guidance on category management, best in class solutions, common contract solutions, or successor strategies for contract consolidation. In addition, once a contract has been awarded under section 8(a), 8(m), 15(a), 15(j), 31, or 36 (including an acquisition for commercial items), it shall not be removed and placed in category management, best in class solutions, common contract solutions, or successor strategies for contract consolidation.

Section 809 Panel Suggested Changes to Small Business Programs: The section 809 panel ("panel") was established in the fiscal year 2016 National Defense Authorization Act with the mission of providing recommendations to "allow the Department of Defense to adapt and deliver capability at market speeds, while ensuring that the Department of Defense remains true to its commitment to promote competition, provide transparency in its actions, and maintain the integrity of the defense acquisition system. The panel began its work in 2016 and concluded in July of 2019 with a report outlining 98 recommendations aimed at changing the overall structure and operations of defense acquisition.

Ho-Chunk, Inc. supports the purpose of the Section 809 Panel which is to streamline the DoD acquisition process. However, contrary to the recommended make-up of the panel, small business was not included in the panel and, more importantly for Ho-Chunk. Inc.'s purposes, there was no tribally-owned entity included as a participant on the panel which would have countered some of the false narratives seen throughout the report as it relates to small business.

It is Ho-Chunk, Inc.'s view that streamlining the acquisition process should not be accomplished by shutting small businesses out of the Defense market. Right now, large businesses garner the greatest majority of the defense market, and the proposed recommendations in the report would not provide the same assurances to small businesses for a seat at the table that the FAR Part 19 process does. The indisputable fact is that small business set aside programs help small businesses grow. The Panel report actually points to the real issue with the DoD procurement process, which is "complexity and slowness in the acquisition process, an uncoordinated outreach process, a lack of clear entry into the defense market, and contract compliance requirements", not the FAR Part 19 small business set aside programs.

If implemented, the recommendations contained in the section 809 panel report would have a significant impact on small business and Ho-Chunk Inc., would be adversely affected due to the large number of contracts the corporation performs for DoD. Ho-Chunk, Inc. requests tribal consultations prior to implementation of the recommendations contained in the section 809 report.

Sole Source Contract Proposed Changes: In recent years, there has been legislation introduced that would "level the playing field" for all 8(a) companies, effectively erasing the sole source designation specific to Native 8(a)s. While Ho-Chunk Inc. remains supportive of other companies that are individually owned, the sole source benefits to Native (8a) should be maintained. Tribally-owned corporations have a responsibility to an entire community and one that has been economically and socially disadvantaged for generations, while individually-owned companies add to the profits of an individual, family or small group of owners. Ho-Chunk, Inc. is willing to discuss solutions to outdated thresholds and caps that would lift up all 8(a) companies without unintentionally harming Native 8(a) companies.

Indian Community Economic Enhancement Act of 2019/Buy Indian Act: Ho-Chunk, Inc. supports the goals of the current legislation in Congress – H.R. 1937 and S. 212 that would amend the Native American Business Development Act to create incentives for community investment and development, require additional analysis and reporting of the current Native American economic development programs, and require coordination between the Secretaries of Commerce, Interior and Treasury to develop initiatives encouraging investment in Indian communities.

Of particular interest to Ho-Chunk Inc. and other Native 8(a) companies, this legislation would expand the Buy Indian Act by including the Department of Health and Human Services, along with the Department of the Interior and require greater oversight over implementation of the Act in both agencies.

Ho-Chunk, Inc. supports enactment of this legislation during this Session of Congress.

Conclusion:
The Native 8(a) program at the Small Business Administration has been one of the most successful economic opportunities for Tribes. In many cases, this program is the only economic opportunity available – especially for tribes who are in rural areas. However, the program has not yet fulfilled its mission to ensure that tribal governments are self-sufficient.

Ho-Chunk Inc. through its government contracting businesses and other subsidiaries has been able to create jobs for tribal members and members of the local community, has raised the median household income of Reservation residents and has started to reverse hundreds of years of poverty on the Reservation. But the work is not done. While the gains have been great, Ho-Chunk Inc. has only had 25 years to undo over a hundred years of disparate treatment of tribes which has impacted the health, educational opportunities, and entrepreneurial opportunities for Winnebago Tribal citizens.

The 8(a) program at the Small Administration is a model of self-determination, allowing tribal governments to determine what type of businesses best suit the needs of their citizens and how to enter a market that is local, national and international. The program must be protected and encouraged to grow to take into account the capacity and infrastructure that tribally-owned entities now have so the gains of the corporations can be returned to the tribal governments and citizens.

TESTIMONY OF THE

NATIVE HAWAIIAN ORGANIZATIONS ASSOCIATION (NHOA)

BY

EDWIN A. (SKIP) VINCENT, DIRECTOR

BEFORE THE

U.S. HOUSE COMMITTEE ON SMALL BUSINESS

SUBCOMMITTEE ON INVESTIGATIONS, OVERSIGHT AND REGULATIONS

HEARING ON "NATIVE 8(A) CONTRACTING: EMERGING ISSUES"

OCTOBER 22, 2019, 10:00 A.M.

RAYBURN HOUSE OFFICE BUILDING, ROOM 2360

Introduction

Thank you, Chairwoman Chu, Ranking Member Spano and Members of the Subcommittee for inviting the Native Hawaiian Organizations Association (NHOA) to testify this morning. My name is Edwin (Skip) Vincent and I am pleased to testify on behalf of NHOA where I have served as an active member of the Board of Directors since 2012. NHOA appreciates this opportunity to present to the Subcommittee our experiences with the U.S. Small Business Administration's 8(a) Business Development Program as it relates to Native Hawaiian Organizations (NHOs) and Federal contracting generally.

Founded in March 2007, NHOA is headquartered in Honolulu, Hawaii and is a 501(c)(6) trade association that represents NHOs, as defined by SBA regulations, and their 8(a) subsidiaries. NHOA's mission is "to protect, promote, and advance the preservation of Federal contracting for NHOs." Our current membership is comprised of twenty-four (24) members, ten (10) of whom are newer members of NHOA who are not yet 8(a) certified. The NHO 8(a) program has enabled our fourteen (14) members who are active in the program to support Federal agencies across the country while creating jobs and providing financial resources to address specific needs of the Native Hawaiian community.

Native Hawaiians, the indigenous people of the Hawaiian islands, disproportionately suffer from poor socioeconomic conditions. While the root causes of these conditions are complex, many of them are related to limited economic opportunities. I along with all NHOA members have a deep passion to help the Native Hawaiian people. We firmly believe that as participants of the NHO 8(a) program we have a responsibility to our communities. Further, we are dedicated to ensuring the long-term success of the NHO 8(a) program, which we believe will enable us to enhance economic viability and create a self-sufficient, thriving Native Hawaiian community.

NHOA's testimony will provide: a general synopsis of the Native 8(a) program, including the differences between the 8(a) program for individuals, Alaska Native Corporations (ANCs), Tribes, and NHOs; an overview of the NHO 8(a) program as well as some of the contributions our NHOA members have made in the Native Hawaiian community; and, a summary of programmatic and legislative issues important to NHOA. With this testimony, NHOA seeks to illustrate the necessity of preserving and improving Native economic development programs, such as the Native 8(a) program.

A Synopsis of the Native 8(a) Business Development Program

Initially created by Section 8(a) of the Small Business Act of 1953, and later amended in 1978, the SBA 8(a) Business Development Program provides eligible small businesses with training, technical assistance and contracting opportunities in the form of set-aside and sole-source awards, all of which are designed to ultimately enable these businesses to successfully compete in the marketplace.

In general, to qualify for the 8(a) program, a small business must be "unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and citizens of and residing in the United States" and demonstrate potential for success.

Small businesses owned by Community Development Corporations (CDCs), Alaska Native Corporation (ANCs), Indian Tribes, and Native Hawaiian Organizations (NHOs), which are often referred to as "entity-owned" firms, are also eligible to participate in the 8(a) program under special rules. Small businesses that are owned by Native entities, such as ANCs, Tribes and NHOs, that participate in the 8(a) program make up the "Native 8(a) program." While the program rules and structures vary among Native entities, due to the various statutes that created them, the intent of the Native 8(a) program is to provide Native communities with the ability to develop self-sufficient economic ventures that support their Native communities. As a result of this distinction, Native 8(a) program participants are subject to different rules than individual-owned 8(a) program participants.

The Native 8(a) program has several significant features that distinguish it from the 8(a) program for individual business owners, including:

1) **Small Businesses Unconditionally Owned and Controlled by a Qualified Native Entity**: In order to qualify for the 8(a) program, firms owned by ANCs, Tribes and NHOs must be small businesses, as defined by SBA. These small businesses must be unconditionally owned and controlled by a qualified Native entity.

2) **Social and Economic Disadvantage**: ANCs, Tribes and NHOs are presumed to be socially disadvantaged. While ANCs are deemed economically disadvantaged by statute, Tribes and NHOs must establish that they are economically disadvantaged based on the Native communities that they support.

3) **Potential for Success**: To be eligible for the 8(a) program, a small business must demonstrate that it has potential for success. Generally, this means it has been in business for at least two (2) years in its primary industry, as reported on its tax returns, immediately prior to applying for the 8(a) program. Small businesses owned by Native entities can request a waiver of this two-year-in-business requirement if the Native entity makes a firm, written commitment to support the firm and has the financial ability to do so.

4) **Community Give Back**: Unlike small businesses owned by individuals, the profits generated by Native 8(a) program participants are used to benefit their Native communities. A portion of those profits may also be retained as working capital and invested in further developing their economic ventures. This in turn creates sustainable sources of revenues to support their Native communities. By comparison, the profits earned by individual-owned small businesses benefit their individual owners.

5) **Sole-Source Thresholds**: The sole-source thresholds which apply to individual-owned 8(a) firms - $4 million for services and $7 million for manufacturing - do not apply to firms owned by Native entities. Firms owned by ANCs and Tribes are able to receive awards in excess of the sole-source threshold(s) from any Federal agency. Firms owned by NHOs are able to receive awards in excess of the sole-source threshold(s) only from

the Department of Defense.[1] Additionally, recent legislation made NHOs eligible to receive awards in excess of the sole-source thresholds from the Department of Veterans Affairs.[2]

6) **Multiple Entities**: In the individual-owned context, there is a one-time program eligibility for the socially and economically disadvantaged individual(s) upon whom 8(a) eligibility was based. Although firms owned by Native entities are still subject to the 9-year program term that applies to individual-owned firms, Native entities are permitted to have multiple firms in the 8(a) program at any given time, provided that those firms have different primary NAICS codes or industries.

An Overview of the NHO 8(a) Program

Native Hawaiians are the aboriginal, indigenous, native people of Hawaii. Pursuant to 13 CFR§ 124.3, Native Hawaiian "means any individual whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii." According to the U.S. Census Bureau, in 2010, there were 289,970 Native Hawaiians in the State of Hawaii comprising roughly one-fifth (21.3 percent) of the state's total population and 527,077 Native Hawaiians total in the United States.[3]

Data shows that Native Hawaiians consistently fall behind non-Native Hawaiians in key economic indicators and experience institutionalized inequalities that limit opportunities, which negatively impacts overall well-being. While I do not have the time to adequately provide the history of Native Hawaiians that has contributed to their poor socioeconomic conditions, it is important to summarize a few findings that illustrate the need for the NHO 8(a) program. Troubling problems that afflict Native Hawaiians in the State of Hawaii include:

1) **Native Hawaiians are economically disadvantaged**: Compared to the statewide population of Hawaii, Native Hawaiians in Hawaii have:
    a) The highest unemployment rate of any major ethnic group in the State of Hawaii;[4]
    b) The lowest per capita income of any major ethnic group in the State of Hawaii;[5]
    c) The highest percentage of individuals living below the poverty level of any major ethnic group in the State of Hawaii;[6] and,
    d) Lower access to capital based on having "a higher loan denial rate" for mortgages and more mortgage loan denials "because of a poor credit history."[7]

---

[1] In 2006, through P.L. 109-148, §8020, 119 Stat. 2702-03 (December 30, 2005), NHOs were provided permanent authority to receive sole-source awards in excess of 8(a) sole-source contract thresholds from the Department of Defense.
[2] Consolidated Appropriations Act, 2018 (P.L. 115-141)
[3] Kamehameha Schools, Ka Huaka'i: 2014 Native Hawaiian Educational Assessment (Honolulu: Kamehameha Publishing, 2014).Accessed October 16, 2019, http://www.ksbe.edu/_assets/spi/pdfs/kh/Ka_Huakai_2014.pdf.
[4] Kamehameha Schools, Ka Huaka'i: 2014 Native Hawaiian Educational Assessment (Honolulu: Kamehameha Publishing, 2014). Accessed October 16, 2019, http://www.ksbe.edu/_assets/spi/pdfs/kh/Ka_Huakai_2014.pdf.
[5] Office of Hawaiian Affairs. (2014). Native Hawaiian Data Book. Accessed October 15, 2019, http://ohadatabook.com/T02-75-15u.pdf
[6] Office of Hawaiian Affairs. (2017). Native Hawaiian Data Book. Accessed October 15, 2019, http://ohadatabook.com/T02-112-15u.pdf
[7] Miriam Jorgensen and Randall K.Q. Akee, Access to Capital and Credit in Native Communities: A Data Review (Tucson: Native Nations Institute, 2017). P.18.

2) **Native Hawaiians suffer many other socioeconomic disadvantages**: In addition to disparities in poverty and unemployment rates, per capita income, and access to capital, Native Hawaiians show disparities in many other indicators of socioeconomic well-being. These include, but are not limited to:
    a) The highest rate of homelessness of any major ethnic group in the State of Hawaii;[8]
    b) Double the statewide rate for use of public assistance;[9]
    c) The highest rate of single parent households of any major ethnic group in the State of Hawaii;[10]
    d) The highest rates of child abuse and children in foster care of any major ethnic group in the State of Hawaii;[11]
    e) Significantly lower proficiency rates in math and reading than non-Native Hawaiians students;[12]
    f) Substantially lower rates of earning a bachelor's degree or higher compared to other ethnic groups;[13] and,
    g) The lowest life expectancy of any major ethnic group in the State of Hawaii.[14]

Limited economic opportunities is one of the root causes of the various problems that plague Native Hawaiians. While the issues are complex and there is no simple solution, the NHO 8(a) program provides a way for Native Hawaiians to create jobs while providing financial resources to address specific needs of the community.

In recognizing the importance of economic development in the Native Hawaiian community, the term NHO was first established and defined by Congress in 1988.[15] NHO 8(a) program regulations were not codified until 1998, and the first NHO-owned firm received its 8(a) certification in 2004. NHOs were granted permanent authority to receive sole source awards from the Department of Defense valued over 8(a) program contract thresholds in 2006.[16]

Pursuant to 13 CFR§124.3, an NHO is defined as:

---

[8] Partners in Care. (2017). Statewide 2017 Point in Time Count Analysis. Accessed October 15, 2019, http://www.partnersincareoahu.org/sites/default/files/2017%20PIT%20-%20Statewide%20%26%20Oahu%20Dashboard.pdf
[9] Kamehameha Schools, Ka Huakaʻi: 2014 Native Hawaiian Educational Assessment (Honolulu: Kamehameha Publishing, 2014). Accessed October 16, 2019, http://www.ksbe.edu/_assets/spi/pdfs/kh/Ka_Huakai_2014.pdf
[10] Kamehameha Schools, Ka Huakaʻi: 2014 Native Hawaiian Educational Assessment (Honolulu: Kamehameha Publishing, 2014). Accessed October 16, 2019, http://www.ksbe.edu/_assets/spi/pdfs/kh/Ka_Huakai_2014.pdf
[11] Honolulu Star Advertiser. (2016). Hawaiians at risk: Keiki locked in cycle of foster care system. Accessed October 15, 2019, https://www.staradvertiser.com/2016/01/10/hawaii-news/special-report-hawaiians-at-risk-keiki-locked-in-cycle-of-foster-care-system/
[12] Office of Hawaiian Affairs. (2017). A Native Hawaiian Focus on the Hawaii Public School System, SY 2017, Accessed October 16, 2019, https://19of32x2yl33s8o4xza0gf14-wpengine.netdna-ssl.com/wp-content/uploads/A-Native-Hawaiian-Focus-on-the-Hawaii-Public-School-System.pdf
[13] Kamehameha Schools, Ka Huakaʻi: 2014 Native Hawaiian Educational Assessment (Honolulu: Kamehameha Publishing, 2014). Accessed October 16, 2019, http://www.ksbe.edu/_assets/spi/pdfs/kh/Ka_Huakai_2014.pdf
[14] Kamehameha Schools, Ka Huakaʻi: 2014 Native Hawaiian Educational Assessment (Honolulu: Kamehameha Publishing, 2014). Accessed October 16, 2019, http://www.ksbe.edu/_assets/spi/pdfs/kh/Ka_Huakai_2014.pdf
[15] P.L. 100-656, §207, 102 Stat. 3861 (1988) (codified at 15 U.S.C. §637(a)(4))
[16] P.L. 109-148, §8020, 119 Stat. 2702-03 (December 30, 2005)

> *"any community service organization serving Native Hawaiians in the State of Hawaii which is a non-profit organization chartered by the State of Hawaii, is controlled by Native Hawaiians, and whose business activities will principally benefit such Native Hawaiians."*

An NHO is a non-profit organization that may or may not elect to pursue 501(c)(3) status with the Internal Revenue Service. Pursuant to Hawaii law, the NHO must have a minimum of three (3) directors, and in accordance with SBA regulations, a majority of the directors must be Native Hawaiian. In order for an NHO-owned firm to successfully obtain 8(a) certification, the NHO must:

1) Identify in its governing documents the specific Native Hawaiian community that it serves;

2) Discuss the activities it has done to benefit that community; and,

3) Provide a detailed plan showing how revenues earned by the NHO will principally benefit Native Hawaiians by outlining specific goals, how it will achieve those goals and how revenues will be allocated to each goal.

In addition to the NHO structural and community benefits requirements, a small business owned by an NHO must meet all other 8(a) program requirements established in 13 CFR§124.101 through 124.108, provided they do not conflict with NHO specific regulations in section 13 CFR§ 124.110. Specifically, as with individual-owned firms, an NHO-owned firm must be a small business, demonstrate potential for success, and have good character.

While Native Hawaiians share commonalities with American Indians and Alaska Natives as displaced indigenous peoples living in the U.S., Native Hawaiians are fundamentally different from other Native populations due to differences in political status, geographic distribution, and demographics. These differences are reflected in the 8(a) program for Tribes, ANCs, and NHOs. Importantly, Tribes and ANCs were eligible for the 8(a) program many years before NHOs and have been afforded benefits not yet extended to NHOs. For example, Tribes and ANCs are able to have holding companies that own their subsidiaries that then participate in the 8(a) program, which allows for separation between their government and economic operations. NHOs are not able to have holding companies, instead the non-profit organizations must have direct ownership and control of its subsidiaries that participate in the 8(a) program. In addition, Tribes and ANCs are able to get sole source awards above the established 8(a) contract thresholds for all Federal agencies unlike NHOs that are only able to receive such contracts from the Department of Defense.

The NHO 8(a) model is not perfect. It is difficult managing a non-profit organization while establishing and developing profitable for-profit subsidiaries, especially since these organizations and Native Hawaiians do not have assets or an established land base to fund business endeavors. As non-profit organizations, NHOs have had challenges with finding qualified, Native Hawaiians to serve on their Boards of Directors; getting access to capital, particularly with their complex, unique organizational structures; and, complying with all applicable regulations.

Additionally, while the 8(a) program offers valuable technical and contract assistance, Federal government contracts and profitability are not guaranteed program benefits. Business success requires a lot of hard work and commitment, and among many other factors, an understanding of the Federal procurement process and a strong business development strategy. NHOA applauds the NHOs that have navigated these and many other challenges to create successful enterprises. The path to success has not been fast nor easy. Nonetheless, NHOs are passionate about serving and elevating the Native Hawaiian community. This commitment drives us to utilize the NHO 8(a) program to the best of our ability to make a difference.

The Impact of NHOA Members on the Native Hawaiian Community

NHOA's current membership is comprised of a diverse group of NHOs. A few of our members have been in the NHO 8(a) program since its inception and have multiple subsidiaries. However, a majority of our NHOA members are new to the 8(a) program and are still developing their first small businesses. Additionally, it is important to note that NHOA membership is voluntary and not all NHOs that participate in the NHO 8(a) program are members of our advocacy organization.

While we have twenty-four (24) current members, ten (10) members are not active in the 8(a) program. The fourteen (14) NHOA members who are active in the NHO 8(a) program have unique non-profit missions that range across social and community objectives including youth programs, access to legal defense, leadership development, innovative youth education, specialized job training, health, financial literacy, business development, cultural engagement, community development, and other community needs. These NHOs fulfill their missions by developing community programs within their non-profit organizations, funding other Native Hawaiian serving organizations, or both.

The community impact presented in NHOA's testimony is not a complete report of the impact all NHOs are making in the Native Hawaiian community. Instead, this testimony provides highlights of the work our NHOA members are doing in the Native Hawaiian community. While collectively NHOA members have funneled millions of dollars in funding to the Native Hawaiian community, the impact is not just in dollars spent. As illustrated in the following examples, NHOA members have created networks of economic, educational, and cultural opportunities. These opportunities address many of the underlying issues related to the poor conditions plaguing the community. By addressing these issues and providing opportunities, NHOA members are contributing to self-sufficiency and self-determination in the Native Hawaiian community.

Economic Related Support

These examples of community support provided by NHOA members address the underlying issues related to Native Hawaiian disparities in poverty and unemployment rates, per capita income, and access to capital.

1) **Financial Literacy Education and Job Training**: Native Hawaiian students, at the high school and college levels, receive a unique financial education and on-the-job training

because of the support of one of our NHOA members. This includes a sponsored trip to the New York Stock Exchange and other financial institutions in New York City for 150 high school students. The finance education program is focused on providing high school and college aged students with hands-on training related to finance. This program selects annual class cohorts for training. Students are then hired by the NHO and its subsidiaries as financial analysts and develop a transferable track record of real-world work experience by applying financial concepts learned to actual businesses in need of assistance. This approach is consistent with the traditional Native Hawaiian learning modality known as "Ma Ka Hana Ka Ike" or "from the doing, comes the knowledge."

2) **Chaminade University Hogan Entrepreneur Program**: Chaminade University's Hogan Entrepreneur Program builds a foundation for tomorrow's leaders. Through components such as coursework, internships, and community service, Hogan Entrepreneur Program participants gain first-hand experience from Hawaii entrepreneurs. Undergraduate and graduate students selected for the Hogan program are enthusiastic, creative and service-oriented people who will add value to the community. One of our NHOA members provides financial support to Native Hawaiians who participate in the Hogan program.

3) **Native Hawaiian Law School Students**: Native Hawaiian students in the University of Hawaii Law School have benefitted from a legal program administered by a NHOA member. The NHO's program offers paid internships, which involves mentorship and guidance of legal professionals on staff at the NHO. Interns are tasked with a variety of challenges that provide them with exposure to legal issues affecting Native Hawaiians and the community at-large.

4) **Native Hawaiian Entrepreneur Support**: Native Hawaiian entrepreneurs have also benefitted from one of our NHOA member's financial program by receiving training, technical assistance, and capital via the NHO's strategic relationship and financial support of the AKAMAI Foundation. The AKAMAI Foundation provides entrepreneurs with advisory and capital markets services that would be otherwise unattainable for small businesses in the target group, which primarily consists of companies either owned by Native Hawaiians or serving socioeconomically distressed communities with historically high concentrations of Native Hawaiians. Since Spring 2012, the program has provided training, technical assistance, and/or capital to a variety of Native Hawaiian entrepreneurs ranging from a Native Hawaiian man on Maui who hand sews traditional Hawaiian "throw-nets," to a one-woman Native Hawaiian language-immersion day-care company, and to a Native Hawaiian-owned manufacturer trying to take his products to the global markets.

5) **Construction Industry Classes**: An NHOA member has hosted free classes for over 100 Native Hawaiian men and women who are currently employed in or are seeking employment in the construction industry. Classes include Occupational Safety and Health Administration (OSHA), First Aid/CPR, Confined Space, Forklift, Man Lift, and Fall Protection training. This training provides attendees with a better opportunity to stay employed and/or gain new employment if unemployed.

6) **Waiwai Collective**: A contemporary Hawaiian space where community, culture and commerce intersect, Waiwai Collective is a group of Native Hawaiian entrepreneurs who share kuleana (responsibility) and a passion for uplifting the Native Hawaiian community. Through their work, the organization has seen the extraordinary power of physical community when people come together with purpose and aloha. One of our NHOA members provides annual financial support to this organization.

7) **Lua Inc.**: In recognizing the importance of culture and leadership training and its connection to economic well-being, one of our NHOA members financially supports Lua Inc. This program provides leadership training for young Native Hawaiian men and women through the incorporation of traditional Native Hawaiian values.

Socioeconomic Related Support

These examples of community support provided by NHOA members address the underlying issues related to Native Hawaiian disparities in other indicators of socioeconomic well-being, including education, homelessness, use of public assistance, and life expectancy.

1) **Digital Bus**: One of our NHOA members created and manage the Digital Bus program. The Digital Bus is a mobile digital learning laboratory, which operates on the islands of Maui and Molokai supporting grades K-12. The curriculum was developed by Education Coordinators and meets Hawaii State Department of Education and Next Generation Science Standards. The program provides state-of-the-art equipment, supplies, and curriculum at no cost to teachers and students. The NHO also provides busing for teachers and students to transport them from their schools to a field location and back. Education Coordinators train the school teachers to use all of the equipment provided by the program as a science course extender. School teachers on Molokai also receive Continuing Education Credits for participating in the program. Since inception, the program has reached over 34,000 students on Maui and Molokai.

2) **Purple Maia**: As described by Mr. Donovan Kealoha, Director, Purple Maia, "The Purple Maia Foundation is a technology education non-profit whose mission is to inspire and educate the next generation of culturally grounded, community serving technology makers. As we increase access to tech education, we also ground students in the knowledge that their ancestors were indigenous innovators who used their skills and perspectives to serve their communities and lands...". At locations on multiple Hawaiian Islands, Purple Maia teaches coding and computer science through after school and elective classes to Native Hawaiian students and low-income youth, who are underrepresented in the technology industry. A couple of our NHOA members support Purple Maia's innovative technology education programs. One of these NHOs is currently working to expand their partnership with Purple Maia to develop a program to provide relevant training and certifications that will help with job placement.

3) **Educational Pathway Pueo Scholarship Program**: In partnership with the Hawaii Department of Education and the University of Hawaii West Oahu, one of our NHOA

members financially supports the Educational Pathway Pueo Scholarship Program. This program is a comprehensive effort to alleviate teacher shortages that have plagued West Oahu for many years. Teacher retention continues to be a significant issue facing schools in West Oahu, which has a high concentration of Native Hawaiians. Many teachers are "emergency hires" who do not possess adequate training, negatively impacting student success though chronic teacher turnover. The pathway program's goals include increasing the number of students from West Oahu entering the field of education, expanding the number of students at UH West Oahu pursuing a teaching degree, and increasing the number of UH West Oahu graduates teaching at area schools. This effort is inspiring future programs that address additional critical occupation shortages such as nurses and other medical professionals.

4) **STARBASE**: One of our NHOA members supports STARBASE, a Department of Defense program affiliated with the National Guard Armory located in Keaau, Hawaii. It focuses on elementary students, primarily fifth graders. The goal is to motivate students to explore Science, Technology, Engineering and Math (STEM) as they continue their education. The academies serve students that are historically under-represented in STEM. Students who live in inner cities or rural locations, those who are socioeconomically disadvantaged, low in academic performance or have a disability are in the target group. The program encourages students to set goals and achieve them. During the NHO's support, a number of Native Hawaiian children who attended had never used a computer. Within a week, these children were not only operating the computers but working in CAD programs to produce objects printed on a 3D printer. Over 5,000 elementary students have graduated from Hawaii's STARBASE program.

5) **Hui Aloha**: An NHOA member has provided support for Hui Aloha, a volunteer organization seeking to address the homeless crisis of Native Hawaiians through direct involvement and through legislative advocacy.

6) **Malama Loko Ea**: Since 2011, Malama Loko Ea has conducted Hawaiian cultural education programs to over 15,000 local students centered around the sacred space of the Loko Ea fishpond, located in Haleiwa, Hawaii. One of our NHOA members donates funds to the Kupuohi Education Program, which teaches students about Hawaiian culture and language arts, sustainability, science, and land stewardship through hands-on, experiential activities. Mr. James Kainoa Estores, Director, states the NHO's support "enables Malama Loko Ea to reach new heights in STEM. Students learn aspects of the marine environment, from water chemistry to the diverse plant and animal inhabitants, that create this vibrant and productive estuary. We continue to expand our STEM footprint to more guest learners...".

7) **Bishop Museum**: The Bishop Museum was founded in 1889 by Charles Reed Bishop in honor of his late wife, Princess Bernice Pauahi Bishop, the last descendant of the royal Kamehameha family. The Museum was established to house the extensive collection of Hawaiian artifacts and royal family heirlooms of the Princess, and has expanded to include millions of artifacts, documents and photographs about Hawaii and other Pacific island cultures. It is the largest museum in Hawaii and is recognized throughout the

world for its cultural collections, research projects, consulting services and public educational programs. Serving and representing the interests of Native Hawaiians is a primary purpose of the Museum. Several of our NHOA members provide financial contributions to the Bishop Museum so it can fulfill its purpose.

8) **Scholarships**: Many of our NHOA members fund scholarships for Native Hawaiian students pursuing post-secondary education, including trade and vocational training. While there are multiple scholarships and each varies in amount and administration, NHOA members have contributed several millions of dollars to support the educational needs of young Hawaiians. For instance, our NHOA members established:
    - **a.** A $1 million endowment with Chaminade University of Honolulu, Hawaii for degrees in areas other than STEM.
    - **b.** A $526,000 non-endowed scholarship with the University of Hawaii Foundation and its seven Community Colleges Program for (with a preference for Native Hawaiian) students pursuing degrees in 34 selected vocations and trades. The first cohort class of 95 students across all seven Community College campuses receiving these scholarships began this academic year 2019-20.
    - **c.** A $1.5 million endowment with the Pauahi Foundation to support Native Hawaiian students attending four-year accredited schools on the mainland to study in a STEM field.
    - **d.** An endowment with the Pauahi Foundation that provides undergraduate scholarships to Native Hawaiian students in the health care industry. This partnership seeks to produce health care professionals needed to improve the well-being and health of Native Hawaiians.
    - **e.** Scholarships for Native Hawaiian students attending the University of Hawaii-Manoa.

9) **Senior Individual Home Assistance**: One of our NHOA Members assisted Native Hawaiian seniors with upgrading or renovating their homes to ensure they were ADA compliant. This included building wheelchair ramps for easy access in and out of their homes and renovating their bathrooms.

10) **Lunalilo Home**: Established by King William Charles Lunalilo, Lunalino Home's mission is to "provide respectful, quality and caring services for the poor, disadvantaged and frail kūpuna (elders) of Hawaiian ancestry." One of our NHOA members assisted with renovating the Administrator's House and constructing twelve (12) garden plots to grow food for the elderly residents of the care home.

11) **Queen's Medical Center**: An NHOA member provides financial contributions to the Queen's Medical Center. The medical center was founded by Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all the people of Hawaii.

12) **Ahahui o Na Kauka**: Ahahui o Na Kauka, The Association of Native Hawaiian Physicians, is a non-profit organization that was established in 1998 to provide a way for

Hawaiian doctors to improve the health and well-being of Native Hawaiians. One of our NHOA members provides funds to this organization.

13) **Hookuaaina**: Hookuaaina is a non-profit organization using Hawaiian traditions of kalo (taro) cultivation to improve the lives of today's youth and build a healthy community. Through its programs, Hookuaaina empowers youth to realize the meaning and purpose of their lives by helping them develop life strategies and skills through the cultivation of kalo and Hawaiian values-based coaching. An NHOA member provides cash contributions to this organization.

14) **Polynesian Voyaging Society**: An NHOA member provides financial support to the Polynesian Voyaging Society (PVS). PVS seeks to perpetuate the art and science of traditional Polynesian voyaging and the spirit of exploration through experiential education programs that inspire students and their communities to respect and care for themselves, each other, and their natural and cultural environments.

The SBA's Administration of the NHO 8(a) Program

At this time, NHOA does not have specific issues with SBA's administration of the 8(a) program that it would like to raise with the Subcommittee. The Native 8(a) program, and the NHO program in particular, is a well-established program which requires an NHO and its for-profit subsidiaries to go through a rigorous application process in order to participate in the program. NHOA acknowledges the importance of this stringent screening and rigorous application process which seeks to ensure that only eligible firms are accepted into the program.

In addition, these same entities, once admitted to the program, are subject to annual reviews which are designed and intended to ensure continued eligibility and compliance with all program regulations. During this annual review process, an NHO-owned firm is required to provide SBA with information regarding its NHO's community giveback. Similarly, NHOA acknowledges the importance of the annual review process in ensuring that only eligible firms remain in the program and that those firms comply with all regulations.

With respect to ongoing compliance, one area that SBA monitors is the issue of follow-on contracts. Pursuant to 13 CFR § 124.110(e), an NHO-owned firm may not receive an 8(a) sole source contract that is a follow-on contract to an 8(a) contract that was performed immediately previously by another Participant (or former Participant) owned by the same NHO. From our perspective and the experiences of NHOA members, there have been no issues with SBA's monitoring and enforcing of the prohibition on follow-on contracts.

We appreciate that SBA has invested a significant amount of time to learn more about NHOs in order to improve and streamline certification, annual review, and ongoing compliance processes. Nonetheless, NHOA would like to raise a specific concern as it relates to these processes. Our members have observed and experienced inconsistencies in the interpretation, application, and enforcement of rules, regulations and SBA's Standard Operating Procedures (SOPs). These inconsistencies occur between SBA offices and even among personnel in the same District Office. To that end, and in order to assist with improving consistency, NHOA would like to see

an increase in training of SBA personnel with respect to the Native 8(a) program and in particular on the unique aspects of NHOs.

NHOA Legislative Priorities

NHOA's legislative priorities are determined by our members. NHOA would like to highlight a couple of these priorities that directly impact Native 8(a) contracting.

1) Category Management

Category Management (CM) is a strategic sourcing concept in which the range of products and services purchased by a business organization or sold by a retailer is broken down into discrete groups of similar or related products, known as product categories. The idea behind the concept is to encourage collaboration between the retailer and the supplier.

CM is utilized by the Federal government for the management of contracts to procure products and services. The goal of CM is to eliminate redundancies and achieve cost savings in the government's acquisition programs. However, in doing so, CM fails to support meaningful competition, which is harmful to small business procurement opportunities. The main problem with this method of procurement is that it severely limits the number of small businesses that have access to CM contracting vehicles. For example, all 8(a) businesses are able to compete for 8(a) set aside contracts. When these contracts are moved into a CM vehicle, only companies with the ability and capacity to successfully navigate the infrequent "on-ramping" process to the CM contracting pools will be able to participate. Those unsuccessful will be excluded and, therefore, have no further possibility to be chosen as a vendor. This has had a detrimental effect on NHOs and other small businesses that are not in the CM contracting pools. Furthermore, CM hinders the Federal government's ability to access small businesses, which have been proven to be more agile, innovative, and affordable, among other benefits.

NHOA supports an exemption for all SBA small business contracting programs, including the Native 8(a) program, from CM. It is imperative that firms participating is small business contracting programs be exempt from the CM strategic sourcing concept to ensure that the intent and goals behind all such programs are safeguarded in a manner that maintains access to contracting opportunities that results in a win-win scenario for the Federal government and small business Federal contractors. Even with a small business exemption, the Federal government could still achieve the goals of CM through enhanced, well-structured, rapid procurements with clear evaluation factors and better best-value trade off analysis while benefitting from contracting with small businesses.

2) SBA Reauthorization

The Small Business Act has been essential to our nation's small businesses, providing the economic engines of our economy with the support and resources they need to grow and develop. For instance, through the 8(a) program, small and disadvantaged businesses receive important business development, management and technical assistance as well as access to Federal government contracts. NHOA staunchly supports the Small Business Act and the small

business contracting programs created through the Act. Further, we believe the Native 8(a) program is fulfilling the intent of Congress, promoting economic development and encouraging self-sufficiency in Native communities.

This year, the House and Senate have begun to consider the reauthorization of the Small Business Act. During the course of these efforts, we have seen both the House and Senate consider legislation that would inadvertently have a detrimental effect on Native 8(a) businesses: a bill passed by the House and language considered in the Senate included provisions that would increase opportunities for women-owned, service-disabled veteran-owned and HUBZone small business, but would have a detrimental impact on Native-owned 8(a) companies.[17] We applaud efforts to increase opportunities for these individual-owned companies, but urge you to consider the unintended consequences on Native 8(a) enterprises. Therefore, as Congress further considers the reauthorization of the Small Business Act, we encourage you to uphold the Native 8(a) program and reject provisions that would diminish the ability of Tribes, ANCs and NHOs to grow their economies and support their communities.

Conclusion

Despite progress made in recent years, Native communities across the United States face immense challenges and remain one of the country's most economically disadvantaged populations. As with American Indians and Alaska Natives, Native Hawaiians face significant obstacles in improving the conditions of their community. Economic development is crucial to addressing these problems. The Native 8(a) program enables Tribes, ANCs, and NHOs to promote economic stability and mobility while enabling self-determination in Native communities across the country. For these reasons, NHOA ardently supports the 8(a) program. NHOs have an important responsibility in our communities and with the NHO 8(a) program we have been able to make progress toward economic growth and greater self-sufficiency for Native Hawaiians; however, there is still much work to be done.

Thank you for inviting NHOA to participate in today's hearing and to provide testimony on Native 8(a) contracting. NHOA commends the Committee for your commitment to small businesses and ensuring disadvantaged communities, such as Native communities, have access to the support and tools they need to promote sustainable economic growth and self-sufficiency.

[17] H.R. 190/S. 673, Expanding Contracting Opportunities for Small Businesses Act of 2019, and the Senate Small Business and Entrepreneurship Committee Chairman's Mark

LEISNOI
INCORPORATED

House Committee on Small Business
Subcommittee on Investigations, Oversight and Regulations Hearing
ATTN: Lauren Finks, Committee Clerk
2360 Rayburn House Office Bldg
Washington, D.C. 20515

Hearing Date: Tuesday, October 22, 2019
Hearing Title: Native 8(a) Contracting: Emerging Issues

Chairwoman Nydia Velázquez and Members of the Committee:

My name is Jana Turvey and I am the President & Chief Executive Officer of Leisnoi, Inc. (Leisnoi). Leisnoi is a small Native Village Corporation organized under the Alaska Native Claims Settlement Act (ANCSA). Our village and land ties are on and around Kodiak Island in the Gulf of Alaska. Our stakeholders are Alaska Natives historically residing in the Tangirnaq Native Village. Leisnoi currently has approximately 450 Alaska Native shareholders.

I am also the Treasurer of the Board of Directors for the Alaska Native Village Corporation Association (ANVCA). ANVCA represents 177 ANCSA village corporations which truly means 177 village communities. As an organization, ANVCA represents thousands of Alaskan Natives who reside in very remote villages around the vast state of Alaska.

It is my privilege to submit the attached testimony regarding Native 8(a) contracting, and in particular, how some members of ANVCA have been able to participate in the SBA program while other village continue to struggle.

We appreciate the discussion of this important topic and the opportunity to share our stories.

Sincerely,

Jana Turvey
President & CEO, Leisnoi, Inc.
ANVCA Board of Directors, Treasurer

907-222-6900 907-222-6955 info@leisnoi.com www.leisnoi.com

House Small Business Committee

Subcommittee on Investigations, Oversight, and Regulations Hearing

Native 8(a) Contracting: Emerging Issues

10:00a.m., Tuesday, October 22, 2019

Room 2360, Rayburn House Office Building

Testimony prepared by
Jana Turvey, President & CEO, Leisnoi, Inc.
Treasurer of the Board of Directors, Alaska Native Village Corporation Association

Good morning and Cama'i (hello), Chairwoman Velázquez, Ranking Member Chabot, and members of the Committee. It is my privilege, honor and with humility that I testify before you today, discussing Native 8(a) contracting and in particular, the impacts of this program to Alaska Native villages.

My name is Jana Turvey and I am the President & CEO of Leisnoi, Inc. I am Alaska Native, an Alutiiq. Leisnoi is a small Native Village Corporation organized under the Alaska Native Claims Settlement Act (ANCSA). Leisnoi is my village and I am a shareholder, a stakeholder. Our village and land ties are on and around Kodiak Island in the Gulf of Alaska. Leisnoi currently has approximately 450 Alaska Native shareholders/stakeholders who are Alaska Natives with ancestral ties to Tangirnaq Native Village.

I am also here today as a member of the Alaska Native Village Corporation Association (ANVCA) Board of Directors, where I currently serve as Treasurer. ANVCA's membership is primarily comprised of 177 Alaska Native Village Corporations. Although we call them, and you hear, "corporations," this truly translates to communities. Remote communities throughout the vast state of Alaska, a significant number of which are only accessible by boat or small aircraft. Further translating those 177 communities into people, ANVCA represents thousands, not hundreds but thousands, of Alaska Native people, their

descendants and families. These are traditional, cultural, honorable people who love their villages, respect their resources and value their historical way of life. However, continuing to live at home in the village is becoming increasingly difficult. This is where the economic development opportunities, like the SBA 8(a) program, are vital to supporting and sustaining our native heritage, our way of life.

Before diving deeper into the Native contracting 8(a) program, allow me the opportunity to explain how Alaska Natives view our responsibilities and the mandate under which we operate. As Alaska Native people, we do not think about "I" or "me." We think "us" and "our." We think of community, which even encompasses more than the geographical boundaries of a village or town. "Community" is us as a people. We think seven generations forward and providing for those generations to come, having learned from the generations that preceded us by continuing to practice and honor our way of life. My grandmother used to always tell me, "never forget who you are and where you came from." This was her way of reminding me to learn from the past while being mindful of the future. As I work in my CEO capacity to build Leisnoi, the work is not for me and not just for the 450 stakeholders I represent today. It is for the grandchildren, great-grandchildren and future generations that have yet to be born. We care for our communities and resources so they will be here in perpetuity. Along with that mindset, comes the responsibilities that are written into the Alaska Native Claims Settlement Act of 1971 (P.L. 92-203; 43 U.S.C. 1601, et seq).

ANCSA was passed with the goal of providing a fair and just settlement of all claims by natives and native groups of Alaska, based on aboriginal land claims. As a result, 12 land based regional corporations and over 200 village corporations were formed. The intent of Congress was that these corporations would be the economic foundation that would allow Alaska Natives to build upon the settlement, and that would preserve the benefits of the settlement for future generations. ANCSA states that the Corporations provide benefits to the shareholders, their descendants and families; benefits that promote the "health, education, or welfare of such shareholders or family members[.]"[1] The message, the

[1] 43 U.S.C. § 1607(r)

mandate, was go forth and prosper and provide for the social and economic wellbeing of our shareholders. Unfortunately, ANCSA did not provide any sort of business development or economic engine that would allow for Alaska Native Corporations to provide such benefits. The SBA's 8(a) business development program is the missing piece that affords the opportunity for Alaska Native Corporations to build business and provide for our people. But for the majority of ANVCA members, nearly 48 years after the passage of ANCSA, there is still a lot of work to be done.

Of the 177 villages that are members of ANVCA, roughly 20-30 are currently active and participating in the 8(a) program. For those that are participating, 12 were named in the 2018 Top 49ers of Alaska businesses generating revenue by the Alaska Business Monthly magazine. These 12 villages generated more than $3 billion in combined revenue! In 2018, they employed more than 12,000 people globally with over 600 of those employees being based in Alaska. At least 85%, if not more, of the net income from Alaska Native Corporations is donated back to the community. Let me say that a different way, for every $1 of net income, at least $0.85 cents is given back to the community and remember the definition offered earlier in this testimony of "community." These include benefits such as dividends, educational scholarships, burial benefits, and community-based infrastructure projects, just to name a few. Let me give an example, a couple of weeks ago, ANVCA was contacted by a distraught Alaska Native individual. The individual had lost a sibling in the last 24 hours due to suicide. I cannot imagine the unbearable pain this individual was in when they were reaching out for help, completely lost as to what to do and what resources might be available to them during this very difficult and vulnerable time. The Executive Director of ANVCA was able to assist this individual in contacting their village and regional corporations. Both corporations provided immediate assistance, not only with resources in the form of burial benefits, but also in the traditional native way, supporting the shareholder and family. That support continues today.

Recently, a national morning news program was in the Village of Iliamna and provided visual footage of gas prices at $4.99/gallon and the cost of a half-gallon of milk at $13.49. The cost of living remotely in Alaska can be grotesquely high and the Village of

Iliamna is only 200 air miles from Anchorage, the major hub city in Alaska. Prices increase exponentially the further away from hub cities one travels. Today there remain honey buckets and inadequate sewer systems throughout remote Alaska. There are also areas that do not have internet access, or the access is so poor, it will be out for days and weeks at a time. Costs of electricity in most of our communities are 12 times the national average per KWH. However, as a result of the ANCSA regional and village corporations that currently participate in the 8(a) program, benefits are provided to well over 150,000 shareholders and their families, many of whom live in our remote communities with very little local economic activities. Homes are heated, lights are on, and meals are fed as a result of dividends being distributed. Students can seek higher education and various levels of advanced degrees have been received as a result of thousands of dollars being distributed in the form of educational scholarships. A personal side note, my daughter recently received her undergraduate degree, earning a double major in accounting and business administration with a concentration in law and public policy from Gonzaga University, graduating magna cum laude. She will complete her master's program this coming spring, also at Gonzaga, both degrees earned partially as a result of these types of scholarships! Sports teams, youth activities and participation at different events like the Alaska Federation of Natives (AFN) Annual Convention have occurred as a result of donations being funded. And some villages have built community halls, improved airstrips, and other infrastructure projects have been completed as a result of the village corporations' involvement. To say that our stakeholders are counting on the success of our community owned organizations would be an understatement.

Leisnoi falls within the short list of ANVCA member village corporations that are participating in the 8(a) program but did not make the 2018 Top 49ers list. These village corporations are at various stages within the program. Leisnoi, for example, is early in our participation, only having completed our second year and only having performed three very small contracts to date. It takes time and resources to develop within the program. Other village corporations are generating revenue at various levels and all are working hard to be able to fulfill the mandate of providing benefits back to our stakeholders. But the beautiful

thing is that the SBA 8(a) program provides a vehicle for the corporations to build business and become less reliant on the natural resources revenue sharing that is also mandated by ANCSA, known commonly as "7(j)."

Under ANCSA, the 12 regional corporations are mandated to pool 70% of the revenues generated by natural resource development and annually distribute those resources back amongst themselves, based on a population formula. This is what is known as the 7(i) distribution.[2] When a regional corporation receives its share of the natural resources revenues, it must re-distribute 50% of those resources to its respective village corporations, again based on a population formula. This is the 7(j) distribution.[3] For more than half of the 177 ANVCA village corporation members, their 7(j) portion of the natural resources revenue sharing is the only source of income. Many village corporations would not be able to have any sort of presence or operate if it weren't for these resources. And based on data shared from the ANCSA regional corporations, these resources are predicted to substantially be reduced or even come to almost an end in less than 10 years. Our villages, our communities, must be able to find a way to continue to exist and provide for our people. The 8(a) program is a valuable tool for ANCSA corporations to be able to build business and create an economic engine to provide benefits back to our stakeholders.

There is still room for growth within the native 8(a) contracting program. As mentioned earlier, a majority of village corporations do not yet participate in the program. The regulations guiding and safeguarding the program are complex. The reporting requirements are lengthy and often cumbersome. This all equates to the need for extended resources to ensure compliance, whether by using staff or hiring contractors. Even with transitioning the application process and reporting requirements to being completed electronically, understanding how to maneuver through the system and complete forms correctly can be more than challenging. More training and education surrounding the use of these systems and the regulations guiding the program would be helpful so that native contractors and independently owned contractors can have faith and confidence as they

[2] 43 U.S.C. § 1607(i)
[3] 43 U.S.C. § 1607(j)

enter and work through the program, that they are reporting correctly and are meeting the compliance regulations. In addition, I had the opportunity to attend this Committee's hearing on September 18 that addressed "The Role of the SBA's 8(a) Program in Enhancing Economic Opportunities." During that hearing, I heard several of the individuals who provided testimony, comment about the length of participation in the 8(a) program and specifically speak to the 9-year clock being too short. I support this comment and feel the stress at Leisnoi. Having completed our second year in the program and only having been awarded three very small contracts causes concern. It's not for lack of trying and I don't expect the SBA to be ringing our phone with contracts. We need to do our work to develop relationships and secure those contracts. What I would offer is that the 9-year clock does not start until the first contract is awarded. This will remove what currently feels like being penalized, for using valuable time after first being admitted into the program to work business development and create a network that will secure those precious contracts. It's not that this work hasn't been done before entering into the program, but we all know that working for the government is a whole other animal and requires a different approach. Starting the 9-year clock upon the first award will allow program participants the opportunity to grow and mature through the program and continue to be successful post-graduation.

Before I close, I would like to take a moment and thank the Small Business Administration for all the aid and support provided to Leisnoi as we began our participation in the 8(a) program and for the tireless assistance offered by our Business Opportunity Specialist in Anchorage, as we continue the journey. A huge shout-out also goes to Associate Administrator Robb Wong and his staff. There has not been an email that has gone unanswered, a phone call that has not been returned, and even a text message that has not received a response from Mr. Wong and his team. Leisnoi could not be more grateful for this support!

Chairwoman Velázquez, Ranking member Chabot and distinguished members of the committee, thank you for giving me the opportunity to testify before you today about native 8(a) contracting. I hope my testimony provides education and insight as to how this

valuable program has benefitted thousands of Alaska Native people to date. However, Alaska Native Corporations still have great gaps to fill in helping to address the serious economic and social issues and struggles being experienced by our people. The opportunities offered through the SBA 8(a) contracting program is one tool we have to use in tackling these gaps and fulfilling our mission for generations to come.

Quyanaasinaq (thank you very much)!

907-222-6900 907-222-6955 info@leisnoi.com www.leisnoi.com

Testimony to the House Committee on Small Business
"Native 8(a) Contracting: Emerging Issues"

Washington D.C.
October 22, 2019

Christine V. Williams
Managing Partner, Outlook Law, LLC

Thank you for the opportunity to appear and give testimony. My name is Christine V Williams, and I am the founder and managing partner at Outlook Law. Prior to starting my own firm, I was a partner at two international law firms, and I am a Government Contracts law professor with a focus on all SBA programs. I have been voted in the Top Five Percent of Government Contract lawyers in the Nation by my peers for multiple years after leaving big law. I serve on the National Ombudsman Board for the SBA. I am a small woman owned law firm that is growing and thriving because of the hard work and commitment I put in; a sentiment echoed by most small businesses.

I have worked extensively with all SBA program participants, including Tribal and ANC owned firms, as well as individually owned firms, which include firms owned by service-disabled veterans, women owned firms, and HUBZone firms. I have represented one of the largest contingencies of Native American groups to ever come together in front of the D.C. Circuit Court of Appeals in defending the 8(a) Program. Today, I will speak directly to the topic at hand "Native 8(a) Contracting: Emerging Issues." As this is a panel that looks to be focused on entity owned and not individually owned Native 8(a) contractors, I will further focus my testimony there. I am, however, willing to answer questions on how the programs interplay with each other, and how they can and often do work simultaneously together. That is, small businesses, whether owned by Native groups or individuals, work in partnership to get jobs done. In my experience small businesses are drawn to each other to perform contracts due to the experience, adaptability, and ability to perform certain portions of each contract in partnership. The SBA regulations also strongly encourage and reward small businesses to work together. That is an important piece to understand.

The History of Native Owned Firms that Support their Communities

Firms owned by Native groups, whether Tribal, Alaska Native Corporation (ANCs), or Native Hawaiian Organization, are different. They support communities or groups of

shareholders, members or citizens, and deliver benefits to those groups and the communities in which they live. We are not addressing a new topic here. Since the inception of this Nation, Native groups have been recognized as different than any one individual.

Federal Procurement: The Legal Basis Stems from the Constitution, Treaties, and Strong Jurisprudence

The Constitution is explicit that the Federal Government has a special relationship with Native Americans. This is demonstrated by treaties, statutes, and strongly affirmed by the judiciary since the inception of this Nation. Such a relationship "furthers the Federal policy of Indian self- determination, the United States' trust responsibility, and the promotion of economic self-sufficiency among Native American communities."[1] Native Americans have a special relationship, which is not considered race based, with the Federal Government when it comes to set-asides and Federal procurement.[2] One case considered a constitutional challenge to the legitimacy of a Department of Defense set-aside contract that was awarded to an Alaska Native Corporation (ANC) based, *inter alia*, on its Native American status. In examining the unique relationship between Native Americans and the United States, the Court stated "the only question properly before us is whether the government violated the equal protection component of the Due Process Clause when it . . . grant[ed] a contract to a firm wholly owned by Indian Tribes." The same Court found that ANCs are rightfully treated as a Tribal equal in that they were established as the "modern mechanism that designates Native Alaskan Corporations as the vehicle used to provide continuing economic benefits in exchange for extinguished aboriginal land rights." The Alaska Native Claims Settlements Act or ANSCA passed by Congress reinforces the right of ANCs to participate in Government Contracting as part of the fulfillment of the Unites States trust obligation to all Native Americans.

As such, economic development programs participated in by Native Americans is mandated by the trust responsibility undertaken by the United States Congress since the inception of the Nation. Indeed, Congress had a long-standing history, backed by Supreme Court jurisprudence as well as treaties, of singling out Native Americans for particular and special treatment under the law – beginning from the Constitution itself, which gives Congress the

---

[1] *AFGE v. United States*, 195 F. Supp. 2d 4, 21-22 (D.D.C. 2002), *aff'd*, 330 F.3d 513 (D.C. Cir. 2003), *cert. denied*, *AFGE v. United States, v. U.S.*, 540 U.S. 1088 (2003).
[2] *AFGE,* 195 F. Supp. 2d at 18.

power to regulate Commerce with Indian Tribes. This power derives directly from the Constitution: "Congress has the power to regulate Commerce . . . with the Indian Tribes." U.S. Const. art. I, § 8, cl.3; *see also United States v. Sandoval*, 231 U.S. 28, 46 (1913).

Courts have further distinguished the strict scrutiny standard applied to racial classifications from Native American contractors in the *Adarand* case by declaring that the Supreme Court "has made it clear enough that legislation for the benefit of recognized Indian Tribes is not to be examined in terms applicable to suspect racial classifications. [T]he unique legal status of Indian Tribes under Federal law permits the Federal Government to enact legislation singling out Tribal Indians, legislation that might otherwise be constitutionally offensive."[3] As Justice Scalia enunciated when he was serving on the D. C. Circuit Court of Appeals:

> *Morton v. Mancari*, for instance, upheld a longstanding statutory preference for hiring members of federally recognized Indian tribes to fill positions in the Department of Interior's Bureau of Indian affairs. Two years after *Mancari*, the Court sustained as against an equal protection challenge a court-ordered exemption from a state sales tax for cigarettes sold on a reservation to tribal members residing on the reservation. *See Moe v. Confederated Salish & Kootenai Tribes of Flathead Reservation*, 425 US 463, 479-80 (1976). In both cases, the Court tested the special preference in terms similar to those used in judging equal protection attack on other economic legislation. *See US v. R.R. Ret. Bd. v. Fritz*, 449 US 166, 174-176 (1980); *Williamson v. Lee Optical*, 348 U.S. 483, 491 (1955). ***For legislation regulating commerce with Indian tribes, as 'long as the special treatment can be tied rationally to the fulfillment of Congress' unique obligation toward the Indians, such legislative judgments will not be disturbed.'*** *Mancari,* 417 U.S. at 555; *Delaware Tribal Business Comm. v. Weeks*, 430 U.S. 73, 85 (1977); *Moe, 4*25 U.S. at 480. In *Narraganset Indian Tribe v. National Indian Gaming Commission*, 158 F.2d 1335 (D.C. Cir. 1998), we summed up the state of the law this way: '***ordinary rational basis scrutiny applies to Indian classifications just as it does to other non-suspect classifications under equal protection analysis***.' *Id.* at 1340.

Thus, and specifically in the 8(a) Business Development context, the Courts have examined and affirmed that the 8(a) Program for Native Americans is an economic tool for self-determination that was firmly established by the United States Constitution and enacted into law by the U.S. Congress.

---

[3] *AFGE, 330 F.3d at 521* (quoting *Morton*, 471 U.S. at 551-52) (additional citations omitted).

Federal Procurement Policies and Native Americans are Unique in Obligations and Responsibilities

The relationship between the United States and Native Americans is "perhaps unlike that of any other two people in existence . . . marked by peculiar and cardinal distinctions which exist nowhere else." *Cherokee Nation v. Georgia*, 30 U.S. 1, 16 (1831) (Marshall, C.J.). The Constitution, with the Indian Commerce Clause, was enacted in 1789, to be followed by the first Native American legislation in 1790, the Intercourse Act. "[B]y the 1870s, the government had successfully placed Native Americans in a state of coerced dependency. [T]his relationship of dependency between the United States and the Indian people was forcibly established."[4]

This relationship of forced dependency decimated Native Americans in numerous ways as a magnitude of studies, papers, and Congressional hearings have established. History books are replete with stories of Native Americans suffering under laws condemning their traditions, forbidding the usage of their languages, denying religious freedoms, and forcing the removal of children from their families in order to "assimilate" them. In the history of the United States, only Native Americans had their aboriginal lands, cultures, economies, rights, institutions and sovereignty appropriated, converted and/or extinguished.[5]

Procurement and Native American Groups

Access to government contracting has long been an accepted means to fulfill the United States' fiduciary and trust obligations to Native Americans and the 8(a) Business Development Program is no exception. For instance, Jovita Carranza, Deputy Administrator, U.S. Small Business Administrator stated that:

> 8(a) is an important source of revenue for Native American firms in particular . . . Indian Reservations are the underserved communities of underserved communities. While it may be challenging to encourage lenders to expand their rural or inner-city programs, we all know the challenges are much greater for

---

[4] *Cobell v. Babbitt*, 91 F. Supp. 2d 1, 7 (D.D.C. 1999), *aff'd and remanded sub nom. Cobell v. Norton*, 240 F.3d 1081 (D.C. Cir. 2001).

[5] This is well beyond the standards articulated in *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469, 504 (1989) and *O'Donnell Constr. Co. v. District of Columbia*, 963 F.2d 420, 425 (D.C. Cir. 1992), by which the government may take action to remedy passive participation in past discrimination and/or the government possess evidence that their fiscal policies are exacerbating a pattern of prior discrimination. Not only does the government have a compelling interest, it has a narrowly tailored remedy in the limited 8(a) Business Development Program, as is clearly demonstrated herein *-even-if-Native American group were considered a racial classification, which they are not.*

> Indian Reservations. And this, we recognize, is crippling for small business ventures, which need capital to start, to grow and to create jobs and opportunities. Successfully starting a small business under the most auspicious conditions is a Herculean task. But the additional challenges that Native Americans face make it all the more so. Limited access to markets, limited access to an experienced workforce, and limited infrastructure are just a few problems. For these reasons, 8(a) is an essential program for developing Native American economies.[6]

"[P]referential contracts . . . constitute an important tool in government efforts to promote Indian economic development."[7] "The major Indian problem facing our country today is providing economic development - to bring economic justice to Indians, as part of the American commonwealth." The tribes' "brightest success" is in "the area of federal contracting."[8]

As the late Senator Inouye from Hawaii stated:

> Unfortunately, as this committee has discovered in previous oversight hearings, this public policy goal has not been achieved with respect to the participation of businesses owned by Native Americans.
>
> ***
>
> On the other hand, it is very clear that anything we can do to increase the participation of Native owned businesses in government procurement contracting will have a very beneficial effect on the various Native American communities.[9]

---

[6] *Preferences for Alaska Native Corporations: Hearing before the S. Subcommittee on Contracting Oversight, Committee on Homeland Security and Gov't Affairs*, 111th Cong. (2009) (written statement of Sarah Lukin) (quoting Jovita Carranza, Deputy Administrator, SBA); *see also Report of the Task Force on Indian Economic Development of the U.S. Department of the Interior: Interior Task Force Report* at 240, July 1986 ("The Federal government has assumed a permanent trust responsibility for Indians."); *see also* S. Hrg. 96-7, *Indian Economic Development Programs: Oversight Hearings Before the Committee on Interior and Insular Affairs of the U.S. House of Representatives*, 96th Cong. (1980), at 1, 10, and 21 (statements of Chairman Kogovsek; Thomas Sherman, Acting Deputy Assistant Secretary for Public Housing and Indian Programs, Department of Housing and Urban Affairs; and Theodore Krenzke, Acting Deputy Commissioner of Bureau of Indian Affairs, Department of the Interior, respectively). S. Hr'g 101-150, *1989 Select Committee Hearing on Indian Participation: Indian Participation in Government Procurement Contracting: Hearing Before the Select Committee on Indian Affairs of the U.S. Senate*, 101st Cong. (1989) (statement by Robert W. Perry, Raytheon Manager and Chairman of the Contract Services Association of America at 104).

[7] *Report of the Task Force on Indian Economic Development of the U.S. Department of the Interior* (July 1986) at 240, 165 and & 211-23, Chapter 7: Preferential Contracting.

[8] *H. Hr'g 103-18, House Oversight Hearing April 6, 1993*: Economic Development-Part I: Oversight Hearing Before the Subcommittee on Native American Affairs of the Committee on Natural Resources of the U.S. House of Representatives (statement of Fort Peck Tribes Chairman Caleb Shields at 4-5).

[9] *1988 Select Committee Hearing on Barriers*, at 1-2.

Fast forward to 2018 and 2019 and that the statement of the late Senator continues to be true: fulfillment of the trust obligation that this Nation has promised its indigenous people is still needed, as I will speak to later.

Congress recognized the basic facts in relation to Native Americans: the statistics are dismal and government contracting may represent one of the brightest lights as an economic driver. That is, communities with high Native American populations have a much lower percentage of college graduates, while having considerably higher rates of poverty, crime, and unemployment. Native American businesses in the 8(a) Program represent only a fraction of all Federal contracts. Yet, the effects of those dollars are amplified in the Native American communities (and the communities to which they serve). These statistics are further demonstrated in detail in the testimony of Carl Marrs, an Alaska Native and Marine Corp Veteran, who serves as the CEO of Old Harbor Native Corporation. His testimony is appended to mine for the reference material it contains.

Accordingly, the 8(a) Program furthers Congress's goals of the advancement and promotion of economic development for Native Americans. For instance, a GAO report studying Native American 8(a) contracting found that ANCs provide shareholders and their descendants the following benefits: (1) employment opportunities; (2) dividends; (3) scholarships; (4) cultural preservation programs; (5) land management; (6) economic development; and (7) advocacy for Alaska Native people and communities. By investing in various cultural programs, ANCs seek to preserve Alaska Native culture once attacked by governmental policies.[10]

To provide these benefits, the 12 regional ANCs contribute, on average, 75-85 percent of their total net income annually to scholarships, contributions to Alaska Native non-profit organizations, and shareholder dividends. These investments in the Alaska Native community are made possible, in part, because of the 8(a) Business Development Program.

This is not unusual for Native groups to contribute and lift their own communities where one would normally expect Federal, state, or local authorities to be present. Attorney General William Barr visited Alaska this past June and instituted emergency measures because of what he saw in everyday life in Native communities when he visited rural Alaska. (More on that later.) The 8(a) Program has only begun to reverse the forced dependency of Native groups.

---

[10] The investments include "museums, culture camps, [and] native language preservation." GAO-06-399, at 83 (April 2006), available at http://www.gao.gov/assets/250/249930.pdf.

In 2018, as Associate Administrator for Government Contracting and Business Development for the SBA acknowledged, education and reversing misinformation surrounding Native owned firms performing contracts is a key component of Tribes, ANCs, and NHOs, for successful competition in Government Contracting; specifically, in the 8(a) Business Development Program because of the broader purpose these entities serve as stewards for generations to come. "ANCs, Hawaiian Natives, and Native Tribes have a greater responsibility than a typical 8(a) since they must bear responsibility to help preserve past, present, and future generations of people and their lands. From my visits here in Alaska and in D.C., the commitment that Alaskans have to Alaska and to each other is palpable."[11]

That is, Section 8(a) of the Small Business Act, 15 U.S.C. § 637(a) establishes a business development program for socially and economically disadvantaged small business concerns. The objective of this time-limited (nine years) business development program, restricted to small businesses, is to allow socially and economically disadvantaged businesses access to the economic mainstream.[12] This is accomplished by gaining a foothold in the 8(a) Program, which is a subset of the overall small disadvantaged business set aside aspirational goals.

As a limited business development program, the only one so named and treated by the SBA, the Program attaches goals/milestones that must be met so that the training and footholds to ensure those goals inure to those businesses once they graduate from the Program.

Participation in the Program requires - first full certification and acceptance in the Program by the SBA. Then the Program requires compliance goals such as: (1) maintaining a balance between commercial and government contracting; (2) performing annual reviews of the company, including its goals and achievements; (3) requiring developed business plans; and (4) complying with subject to systematic business line and company evaluations as well as tracking revenue by NAICS Code to ensure no two primary codes are used at the same time and no dominance occurs. Other programs that have been receiving sole-source awards are only now

[11] Testimony of Associate Administrator of GC/BD for the SBA, Robb Wong, June 18, 2018, Senate Small Business Committee Hearing.

[12] It should be noted that the recent regulatory change to the 8(a) Business Development Program, through and with Women Owned Small Business ("WOSB") regulations, increased the economic disadvantage threshold to match the Economically Disadvantaged ("WOSB") to $750,000, which excludes a home, the business, and retirement funds.

beginning to become certified much less meet any other type of goal as those listed above; even though they have asked for the assistance to help develop and meet those compliance goals.

Again, participation in the 8(a) Business Development program is in furtherance of Congresses' enunciated goals borne out of the forced dependency of the Native American groups. The need to fulfill its trust obligations, as reaffirmed by strong jurisprudence, has not gone away. One need only look at the Native American groups furthering the goals of their respective communities of self-determination and economic security.

American Indian Tribes

By most accepted socio-economic indicators, American Indian Tribes are at the bottom of the socio-economic ladder, struggling with a legacy of rural isolation and stagnant local economies. American Indians have suffered from centuries of discrimination, poverty, and neglect. The roughly 29 percent poverty rate in Indian Country exceeds that of all other categories, undoubtedly playing into high unemployment rates, which can be multiples of the national average. When President Obama visited Indian Country, only the third President to do so, he toured Standing Rock Sioux Tribal Nation, which has an astounding unemployment rate of 60 percent, according to the Bureau of Indian Affairs.

Unemployment is disturbingly high and educational level low for American Indians. The Economic Policy Institute did a study on the unemployment rates for American Indians and Alaska Natives concluding that their unemployment rate is nearly double that of Caucasians nationally. Likewise, the national statistics for higher education are equally dismaying, with some variation coming into play by location and percentage of Native American population. A history of economic hardship in these American Indian communities is compounded by the associated social ills: inadequate healthcare; a suicide rate that is double the national average; high levels of alcohol and drug abuse; and alarming rates of diabetes and obesity.

The 8(a) Program is beginning to fulfil this nation's obligations to American Indians and mitigate the harm done. While the Federal Government has provided Native American communities with approximately $19 billion for social services, including education, the 8(a) Program allows American Indians to become empowered to build their own successful businesses to create jobs and economic opportunities in their communities, rather than relying on Federal social programs.

Alaska Native Corporations

Congress created Alaska Native Corporations in 1971 through the Alaska Native Claims Settlement Act ("ANCSA"). ANCSA created 13 regional corporations that divided the state into 12 geographic regions (the 13th was not land bearing) and approximately 200 village corporations, which exist within the area of the regional corporations but are distinct entities. As I have previously stated, a GAO report studying Native American 8(a) contracting found that ANCs provide shareholders and their descendants the following benefits: (1) employment opportunities; (2) dividends; (3) scholarships; (4) cultural preservation programs; (5) land management; (6) economic development; and (7) advocacy for Alaska Native people and communities. By investing in various cultural programs, ANCs seek to preserve Alaska Native culture once attacked by governmental policies. The investment of between 75-85 percent of net revenue back into the Native community is possible because, in part, of the 8(a) Program. Indeed, the GAO report found that ANCSA mandated that the economic drivers of the ANCs was to deliver benefits to their respective communities.

Not surprisingly, and statistically proven, such as those cited in the submitted testimony of Carl Marrs, areas with higher Alaska Native populations have lower education levels, higher unemployment, and staggering crime rates compared to the nation as a whole. Noteworthy, is when attorney General William Barr visited rural Alaska this summer, he declared it to be a state of emergency to which he addressed by ordering 30 agency directives to be implemented immediately.

Not all is dismal. Native Corporations are now able to return benefits to its stakeholders in the form of both financial dividends and scholarships, job opportunities, and much needed social programs. While a $1000 death benefit may not seem like much to a lot of people, in a village it can allow a family to have a true burial for its loved one. Newspapers are full of accounts of poverty-stricken villagers unable to afford proper transportation or burial of loved ones. Even basic sanitation that most of the country takes for granted can be non-existent in some villages. Villagers rely on the "honey bucket" system in which human waste is collected in buckets, then emptied into a central dumping station, and returned to the home. As the ANCs help build infrastructures in the villages, a function normally provided by state, local or Federal Government without private corporation's assistance, the honey bucket system is becoming more

and more obsolete. Certainly, Congress did not intend that private corporations supplant the infrastructure that Government provides; rather, history reflects that Congress intended Alaska Natives to advance economic self-determination through business corporations. To state otherwise is a gross distortion of history and a dishonor to the intentions of ANCSA.

Native Americans in the Military[13]

One of the single hardest sets of regulations and laws I encounter is directly related to Veterans. While the Small Business Act was significantly amended twice for Veterans, the regulations between the SBA and the Veterans' Affairs ("VA") often come into conflict. As a daughter and wife of veterans, when I serve my veteran clients, I often have to push, pull, and just push again to get veterans the benefits Congress intended. SBA assists in this effort and has made several reach outs to the VA, along with other agencies, on how to apply SBA regulations in conjunction with that agency's own regulations. In regard to 8(a), these regulations in conflict, especially in the JV context for individually owned veteran firms, which can be the most complex to understand and navigate. I have and do represent Service-Disabled Veteran Owned Small Business, which includes WOSBs and individual Natives.

In this regard, as we are focusing on Native contracting here today, Native Americans have the single greatest percentage of service in the military of any group and that is when they identify ***as only*** Native American. Disability because of military service is at 30% among Native Americans-the highest group to be disabled in service to the United States.

Not surprisingly, Native Americans have a long history of serving in the military. Even before being granted American citizenship, Native Americans were fighting for this Nation. In 1918, during World War I, the code talkers were documented as beginning their service using the various Native American languages, establishing a code that could not be broken. Numerous medals and a path for U.S. citizenship was established for those that served. (U.S. Veterans Affairs).

This service continued in WWII, as documented in the movie Windtalkers, and the Marines depended heavily on the code talkers in providing secrecy in their movements from 1942-1945. During the Vietnam War, a time of burning draft cards, Native Americans

---

[13] These statistics are taken directly from the U.S. Veterans Administration on American Indians and Alaska Natives. *American Indian and Alaska Native Servicemembers and Veterans*, September 2012; *American Indian and Alaska Native Veterans: 2015 American Community Survey*, August 2017.

volunteered and did so in force in service of the United States. 90 percent of Native Americans serving in the Vietnam War did so on a volunteer basis. The service and loyalty continue as this Nation prepares to honor its Native American veterans in 2020. The following list, developed by the Veterans Administration, demonstrates basic statistics for Native Americans.

AIAN Veteran Analysis- U.S. VA [AIAN=American Indian/Alaska Native]

- Similar to AIAN Servicemembers, AIAN Veterans are younger as a cohort.
- AIAN Veterans have served in more recent conflicts.
- AIAN Veterans have lower incomes, lower educational attainment, and higher unemployment than Veterans of other races.
- AIAN Veterans are also more likely to lack health insurance and to have a disability, service-connected or otherwise, than Veterans of other races.

Congress, the SBA, and the VA have recognized the uniqueness of the Native Americans in service and in business. The "forced decimation" is being slowly rebuilt, but there still is no comparison to the social ills Native American people must combat every day in their communities. It is important to remember that when one is speaking of Veterans, one is necessarily and without exception speaking of Native Americans with a distinguished record of leadership and service in this Nation's military. And when one is speaking of firms owned by Native Americans participating in SBA programs, one is necessarily speaking of firms owned by entities that directly benefit the most underserved communities in the Nation.

The Real Threat-Category Management

Category management is a real and present threat to small businesses. Some would call it the single greatest threat encountered by small business. GSA has recently issued a deviation to the FAR which would allow certain firms to skip certification; thereby giving new contracts to other than small businesses while claiming credit for small business goaling-for the same firms it does not deem need to be certified as small. With limited on-ramp periods, no substantive or defined method of qualification, monitoring, or compliance in place, category management effectively takes existing small business contracts and disqualifies currently performing small businesses. Regardless of the size of the small business or size of the contract-category management does not discriminate-it simply takes from contracts from the 8(a) and other programs without sufficient and mandated justification and puts it into the category it deems it fits best. The reduction in competition and the removal of small business contracting opportunities is an actual and real threat only growing in strength in its boldness to limit small

business contracts. Category management started as a tool for supermarkets, not small business procurement. Simply put, small business set-asides should be exempt from category management.

Closing Remarks

The challenges Native American groups face in 8(a) contracting is the serious and significant misunderstanding about these groups. We are also seeing this type of misunderstanding coming into play with other programs, such as the Women Owned Small Businesses. Just this month, the SBA IG's report considered over $52.2 million was not awarded correctly to Women Owned Small Businesses. A startingly 50 out of 56 contracts were examined and found the contracts were inappropriately procured. Fraud? More likely incorrect understanding of the program and regulations. Another example, the HUBZone program, or what used to be known as the one and done because of the serious and statutory requirements of that program that made it not fulfill the intent of Congress. Multiple certifications at different times, unlike any other program, that made it a challenge. With the new regulations, that program can closer align to the stated goals of Congress in bringing economic development to historically underutilized business zones. Contracting shops are crying out for training. The training I perform with the SBA is greeted with enthusiasm and informed questions. This has to be continued, especially as more businesses move into the sole source arena. Thank you again for inviting me to testify.

Native American Contractors Association

Protecting the rights of Indigenous Peoples to create economic development through government contracting

House Small Business Committee

Subcommittee on Investigations, Oversight, and Regulations

October 22, 2019 Hearing

Native 8(a) Contracting: Emerging Issues

Questions for the Record

Reponses Submitted November 11, 2019

QFR 1: Is revenue tracked by NAICS Code?

Answer: Yes. ANCs, Tribes, and NHOs are generally required to track and report revenue by NAICS Code by the SBA 8(a) Business Development Program. This tracking information is submitted and checked by the assigned Business Opportunity Specialist as part of the annual evaluation and compliance review for the particular ANC, Tribe or NHO.

QFR 2: Is there a method used to determine whether or not a follow-on contract exists and is being awarded to the sister subsidiary?

Answer: Yes. We belief the SBA uses a methodology determining whether a follow-on contract exists based on a bid protest decision in 2017. In that case the GAO asked SBA whether such a methodology existed. The SBA explained that, at that time, it evaluated follow-on contracts similarly to the methodology used for determining whether or not an 8(a) contract may be removed from the 8(a) Program. *See Matter of GOV Services, Inc.*, B-414374 (2017). In addition, the GAO review precedent is that the SBA's interpretation of its regulations are reasonable when applying the above methodology in determining whether or not a follow-on contract exists and/or is being awarded to a sister subsidiary.

On November 8, 2019 the SBA proposed regulations that would make changes to the process for awarding 8(a) sole source, set-aside, and multiple award contracts. See SBA Proposed Rules Changes – 84 FR 6-846

The proposed rules provided the follow summary (***emphasis added***):

> *In response to President Trump's government-wide regulatory reform initiative, the Small Business Administration (SBA) initiated a review of its regulations to determine which might be revised or eliminated. As a result, SBA is proposing to merge the 8(a) Business Development (BD) Mentor-Protégé Program and the All Small Mentor-Protégé Program to eliminate confusion and remove unnecessary duplication of functions within SBA. This rule proposes to eliminate the requirement that 8(a) Participants seeking to be awarded an 8(a) contract as a joint venture submit the joint venture to SBA for review and approval prior to contract award, revise several 8(a) BD program regulations to reduce unnecessary or excessive burdens on 8(a) Participants, and clarify other related regulatory provisions to eliminate confusion among small businesses and procuring activities.* ***In addition, except for orders and Blanket Purchase Agreements issued under the General Services Administration's Federal Supply Schedule Program, the rule proposes to require a business concern to recertify its size and/or socioeconomic status for all set-aside orders under unrestricted multiple award contracts (MACs) The rule also proposes to require a business concern to recertify its socioeconomic status for all set-aside orders where the required socioeconomic status for the order differs from that of the underlying set-aside MAC contract (e.g., HUBZone set-aside order against a small business set-aside MAC). Finally, except for orders or Blanket Purchase Agreements issued under any Federal Supply Schedule contract, the rule also allows for size and/or socioeconomic protests at the order-level for set-aside orders issued against unrestricted MACs, or for set-aside orders based on a different socioeconomic status from the underlying set-aside MAC.***

QFR 3: May a firm participating in the 8(a) Program be found to be affiliated with another firm owned by the same ultimate parent, such as a Tribe, ANC, or NHO?

Answer: Yes. The SBA regulations state that it will consider the totality of the circumstances when determining whether affiliation exists and may find affiliation based on the totality of the circumstances even though no single factor alone may be sufficient to constitute affiliation. Under this framework Native community owned firm may be found affiliated while in the 8(a) Program

There are specific exceptions for ANC's, Tribes, and NHO's to the affiliation rules found at 13 CFR §121.103(b)(2)(i) and (ii). These exceptions are outlined in the SBA's Small Business Compliance Guide: Size and Affiliation (June 2018) copy attached. The SBA regulation is summarized below:

- *A business that is owned and controlled by Indian Tribes, Alaska Native Corporations (ANCs), Native Hawaiian Organizations (NHOs), and Community Development Corporations (CDCs), or which is owned and controlled by an entity that is wholly owned by an Indian Tribe, ANC, NHO or CDC, are not considered affiliates of such business concerns or entities.*

  Example 1: Company A is 51% owned and controlled by an ANC. Company A is not affiliated with its 51% ANC owner.

  Example 2: Company A is 51% owned by Company B. Company B is 100% owned by an Indian Tribe. Company A is not affiliated with Company B based upon ownership.

- *A business that is owned and controlled by Indian Tribes, ANCs, NHOs, and CDCs, or which is owned and controlled by an entity that is wholly owned by an Indian Tribe, ANC, NHO or CDC is also excluded from affiliation based on common ownership and common management with other concerns owned by these Indian Tribes, ANCs, NHOs, and CDCs. In addition, SBA will not find affiliation based upon the performance of common administrative services (e.g., bookkeeping and payroll) if there is adequate payment for those services.*

  Example 1: Company A is 51% owned and controlled by an ANC. Company B is also 51% owned and controlled by the same ANC. Company A and Company B share the same ownership and management team however these firms are excluded from affiliation.

  Example 2: Company A is 51% owned by Company B. Company B is 100% owned by an Indian Tribe. Company B also owns Company C. Company A and Company C are not affiliated despite the fact they share the same ownership and management.

QFR 4: May a tribe, ANC, or NHO be found affiliated for purposes of size while in the 8(a) Program with a sister subsidiary?

Answer: Yes. See the answer to QFR 3.

QFR 5: Is there a uniform-benefits reporting form for ANCs, NHOs, and tribes participating in the 8(a) Program?

Answer: Yes. The 8(a) Benefits Reporting Form, OMB Approval 3245. In addition to this form, there may be narrative sections added if the form does not capture all the data from the firm. *A copy of the form is attached.*

House Small Business Committee – Subcommittee on Investigations, Oversight, and Regulations
October 22, 2019 Hearing - Native 8(a) Contracting: Emerging Issues
Questions for the Record – Native American Contractors Association
Responses Submitted - November 11, 2019

OMB Approval # 3245-
Expiration Date

8(a) Participant Benefits Report

1. The 8(a) Participant is owned by:

☐ Indian Tribe ☐ ANC ☐ NHO ☐ CDC

The information in this report is provided by the:

☐ 8(a) Participant ☐ Parent Corporation ☐ Wholly-Owned Holding Company ☐ Wholly-Owned Business Entity of Tribe

2. Name of 8(a) Participant: _____

Address. _____

City _____ State _____ Zip Code _____

3. Report Point of Contact (Name): _____

Title _____

Email Address _____

Business Telephone _____ Fax Number _____

SBA BENEFITS REPORTING CATEGORIES

Check the box to show areas of benefits provided for this reporting period

Name of Community/Tribe: _____

☐ Category 1. Health, Social and Cultural Support ($ _____Estimate)
☐ Category 2· Education and Development ($ _____Estimate)
☐ Category 3 Lands ($ _____Estimate)
☐ Category 4 Economic and Community Development ($ _____Estimate)
☐ Category 5 Employment ($ _____Estimate)
☐ Category 6 Economic Benefits ($ _____Estimate)
☐ Category 7 Other (please specify) ($ _____Estimate)

Total estimated financial contribution from 8(a) Participant $ _____

Optional: Additional benefits provided by the Parent Corporation or Holding Company Level include

Optional: Additional Parent Corporation or Holding Company Benefits $ _____Estimate

BY SIGNING BELOW, I CERTIFY THAT ALL INFORMATION SUBMITTED IN THIS 8(A) PARTICIPANT BENEFITS REPORT IS TRUE, CORRECT AND ACCURATE I UNDERSTAND THAT FALSE STATEMENTS CAN BE SUBJECT TO PROSECUTION UNDER 18 U S.C § 1001 AND OTHER STATUTES, CAN SUBJECT ME OR MY COMPANY TO TREBLE DAMAGES UNDER THE FALSE CLAIMS ACT, 31 U S C §§ 3729–3733 OR SUSPENSION OR DEBARMENT, AND CAN RESULT IN THE TERMINATION OF MY COMPANY FROM THE 8(A) PROGRAM

Print Name of Authorized 8(a) Participant Official _____

Title _____

Signature _____ Date _____

NOTE: 8(a) Participants may use a continuation sheet to provide any additional comments or information.

SBA Form 2456 __ (11/2015)

1

BENEFITS REPORTING FORM

Instructions:

Under 13 C.F.R. § 124.604 provides the following: As part of its **annual review submission, each 8(a) Participant** owned by a Tribe, Alaska Native Corporation (ANC), Native Hawaiian Organization (NHO) or Community Development Corporation (CDC) must submit to SBA information showing how the Tribe, ANC, NHO or CDC has provided benefits to the Tribal or native members and/or the Tribal, native or other community due to the Tribe's/ANC's/NHO's/CDC's participation in the 8(a) Business Development program through one or more firms. Nevertheless, submission of the Benefits Reporting Form is the primary responsibility of each 8(a) Participant and failure to comply may result termination for the 8(a) BD Program in accordance with 13 C.F.R. § 124.303.

Forms may be completed and submitted online at https://eweb.sba.gov/gls/dsp_login.cfm?SB=Y. However, the firm must submit a hard copy of the certification page **only** containing a "wet signature" of the President, Partner or Proprietor of the firm's assigned Business Opportunity Specialist (BOS) located at the servicing District office

Category 1 Examples: Health, Social and Cultural Support. Contributions (established or funded) in the following categories, as applicable, made for the benefit of the Native or other communities

- ☐ *Monetary donations or contributions*
- ☐ *Social programs*
- ☐ *Cultural programs* (language revitalization, cultural camps, and after school programs).
- ☐ *Beneficiary outreach and communication efforts* (newsletters, websites, conferences, informational meetings, gatherings, and annual meetings of Native or community members)
- ☐ *Death benefits* (may include funeral benefits, life insurance proceeds, and potlatch funds).

Category 2 Examples: Education and Development

- ☐ *Scholarship programs*
- ☐ *Life skills programs*
- ☐ *School program support*
- ☐ *Apprentice programs & intern programs*
- ☐ *Training programs* (may include Board, Tribal Council, and management training and mentor programs)

Category 3 Examples: Lands

- ☐ *Land management programs*
- ☐ *Subsistence programs (e.g., agriculture farming)*
- ☐ *Resource management and enforcement*
- ☐ *Water management*

Category 4 Examples: Economic and Community Development

- ☐ *Investment in new businesses*
- ☐ *Community infrastructure*
- ☐ *Support to small businesses or entrepreneurs*
- ☐ *Federal and state tax payments*
- ☐ *Housing assistance*
- ☐ *Energy assistance*

Category 5 Examples: Employment

- ☐ *Total number of jobs* directly or indirectly created
- ☐ *Employment assistance and support*

Category 6 Examples: Economic Benefits

- ☐ *Investment or payments* made for the support of *elder trusts* or *settlement trusts*
- ☐ *Investment or payments* made towards *permanent funds or restricted funds*
- ☐ *Dividends paid*
- ☐ *Increase in the value of the equitable interest*

PLEASE NOTE: You are not required to respond to this or any collection of information unless it displays a currently valid OMB approval number. The total estimated time for responding to this request for information, including time to read instructions and compile the information needed to respond to questions or prepare reports, is 30 minutes. Comments on the burden estimate should be sent to U.S. Small Business Administration, Chief AIB, 409 3rd St., S.W., Washington, D.C. 20416 and Desk Officer for the U.S. Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503. **PLEASE DO NOT SEND COMPLETED FORMS TO OMB.**

SBA Form 2456 (11/2015)

2

QFR 6: What types of awards and recognition you have received from the federal government for work you have performed under contract?

Answer: The following are examples of recognition and awards received by NACA members:

Ho-Chunk, Inc. is the award-winning economic development corporation owned by the Winnebago Tribe of Nebraska. Established in 1994 in Winnebago, Nebraska with one employee, Ho-Chunk, Inc. has grown to over 1,000 employees. The goal was to develop an entrepreneurial company with the ability to recognize and develop various economic opportunities.

Ho-Chunk, Inc. companies have won numerous awards and gained public recognition for their exemplary contract performance.

- 2019 - Secretary's Award for Excellence in Small Business Contracting, Department of State
- 2014 - Minority Business Development Agency Advocate of the Year, U.S. Department of Commerce
- 2010 - U.S. Department of State Small Business Award for Excellence
- 2010 - Regional SBA Minority Small Business Person of the Year - CEO Lance Morgan
- 2007 - Regional Champion of Small Business Award, SBA Nebraska Business Development Center
- 2007 - U.S. Department of State Small Business Prime Contractor of the Year
- 2006 - U.S. Department of State Small Business Award for Excellence
- 2003 - *Inc. Magazine* Top 500 Company, Ho-Chunk, Inc.

House Small Business Committee – Subcommittee on Investigations, Oversight, and Regulations
October 22, 2019 Hearing - Native 8(a) Contracting: Emerging Issues
Questions for the Record – Native American Contractors Association
Responses Submitted - November 11, 2019

Katmai Government Services is a wholly-owned subsidiary of Ouzinkie Native Corporation. KGS acts as a holding company for ONC's various tribally-owned ANC 8(a) and non-8(a) companies, including Defense Training Systems, International Logistics Support Company, Corporate Allocation Services, and Mobius Industries, Inc.

From: Aplanalp, Jacob K CIVPEO-115, 02420
Sent: Friday, February 10, 2017 2:37 PM
To: chaplan@katmaicorp.com
Cc: dchafin@teamlhs.com; Jack Nine (nine@katmaicorp.com); Garry Bautista (gbautista@teamlhs.com); Kevin Soucy; Blake Shackelford (blshackelford@katmaicorp.com)
Subject: Huge MNP thanks to entire Team Katmai

Dave,

Given our success of PIR today, I wanted to make a special point of thanking Team Katmai, and ask you pass along my sincere thanks.

I know the entire team has been pulling tough hours and responding to all the churn that accompanies a release. Please thank them for the "can do" attitude and coming through when it counted most. When Katmai took over the baseline 14 months back we were not in a good spot. Now, we are launching to the Navy - no small feat that really will make it better for Sailors!

I'm sure we'll have some hiccups next week as we deploy that will require our continued extra efforts, but I'm looking forward to some normal hours for your entire team very soon.

Again, please send my deepest thanks. Since you understand the meaning, please teach the team what my giving them "KI" means and tell them that's what they've earned.

We made it!

V/R, Jake

Jake Aplanalp
APM - My Navy Portal (MNP)
PMW 240 - Sea Warrior Program
701 South Courthouse Rd, St 1400
Arlington, VA 22204
Office: 703-604-3595, DSN: 664
Cell: 703-350-9847
jacob.aplanalp@navy.mil

Dave,

Wanted to follow up today given the successful public launch of MNP (http://www.navy.mil/submit/display.asp?story_id=98935).

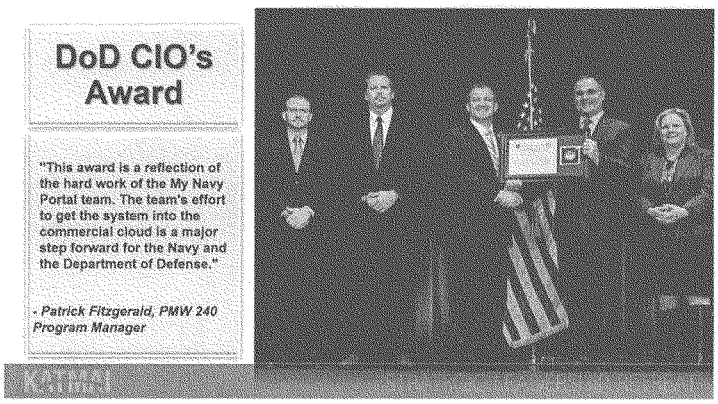
Please thank the team again for the very hard work they've had to put forward this week. I know it's been long hours and we've had constant requests flowing in, and Team Katmai has DELIVERED

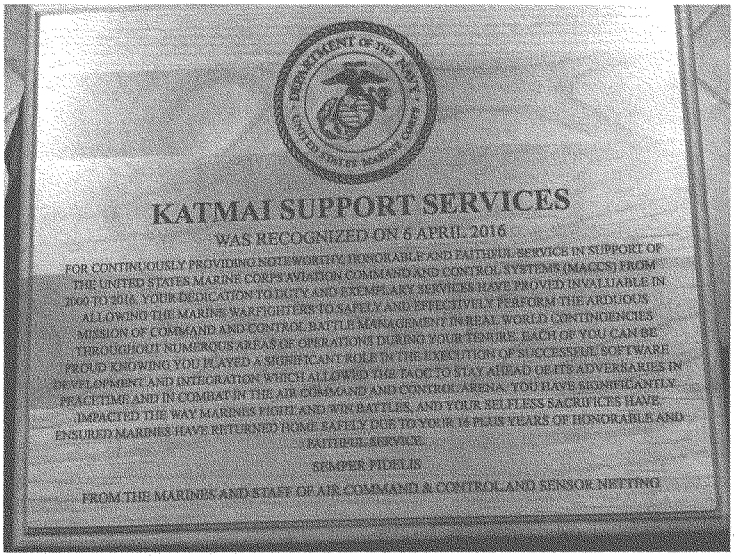
BZ to all! Have a great weekend, and let's be ready to get the feedback we've been soliciting!

V/R, Jake

Jake Aplanalp
APM - My Navy Portal (MNP)
PMW 240 - Sea Warrior Program
701 South Courthouse Rd, St. 1400
Arlington, VA 22204
Office: 703-604-3595, DSN: 664
Cel: 703-350-9847
jacob.aplanalp@navy.mil

House Small Business Committee – Subcommittee on Investigations, Oversight, and Regulations
October 22, 2019 Hearing - Native 8(a) Contracting: Emerging Issues
Questions for the Record – Native American Contractors Association
Responses Submitted - November 11, 2019





House Small Business Committee – Subcommittee on Investigations, Oversight, and Regulations
October 22, 2019 Hearing - Native 8(a) Contracting: Emerging Issues
Questions for the Record – Native American Contractors Association
Responses Submitted - November 11, 2019

Admirals,

Over the past year, we have been working hard in response to Sailors' requests to develop a single website that will act as their "one-stop-shop" to access their Navy personnel information. Today, the information is spread across a multitude of websites and portals, requiring a separate logins.

Later this week, we will begin a beta test of a new web portal designed to aggregate several personnel, training and education websites into one location. We have conducted several internal tests and have determined that My Navy Portal (MNP) is sufficiently mature to merit a larger scale test. I will be releasing a NAVADMIN and press-release later this week, but wanted to let you know in advance.

The beta release of My Navy Portal, while limited in functionality, will serve as a field test for how to improve its capability. Over time, the MNP capability will be expanded to serve as the single point of entry for all Sailor self-service personnel transactions and viewing of information. There are currently known challenges for platforms with limited, low, or intermittent bandwidth/connectivity, and we are working to develop solutions that will be more responsive in these shipboard environments.

Sailors who are identified as beta testers will be notified via email. Sailors can access My Navy Portal's public homepage by viewing https://my.navy.mil. From there, Individuals can securely log into the website and view their personnel information using their CAC. Sailors experiencing difficulty logging on to MNP should email the MNP Help desk at MNP_Helpdesk@navy.mil for assistance

Sailors should see continued improvement with each software update to My Navy Portal, expected quarterly. Upon completion of the beta test, My Navy Portal will be launched Fleet wide and be available to Sailors as the central on-line location for their personnel information.

Additionally, with the launch of MNP, Navy Knowledge On-line (NKO) has been tentatively scheduled for retirement after the Spring Navy Wide Advancement Exam Cycle is complete. The NKO data will be incorporated into MNP.

While there is still much work to be done, this is the first step in providing a consolidated one-stop shop for Sailors' personnel information. Our Sailors deserve a modern personnel system and we are committed to providing one, starting with My Navy Portal.

V/r, Bob

VADM Robert P. Burke
Chief of Naval Personnel/OPNAV N1
701 S. Courthouse Road
Bldg 12, Rm 4K050
Arlington, VA 22204

Office: (703) 604-7130
DSN: (312) 664-7130
Fax: (703) 604-5942
NIPR: robert.p.burke@navy.mil

From: Cullom, Philip VADMOPNAV, N4
Sent: Friday, March 03, 2017 6:28:44 PM (UTC-05:00) Eastern Time (US & Canada)
To: Burke, Robert P VADM CNP, N1
Cc: Cullom, Philip VADMOPNAV, N4
Subject: RE: My Navy Portal (MNP) Beta Release

Bob,

Belated, but quick feedback. Asked my front office and Secretariat to test drive 'My Navy Portal' Beta release.
From my YNC .
"From the Chief and Admin perspective this is awesome!! It would be nice to see one website that Sailors can see their Awards, Evals, Training, Orders, and Benefits. I am honestly excited about this sir!"

Thanks for the opportunity!

Best, Phil

BERING STRAITS
Native Corporation

The Bering Straits family of companies offers impressive performance that is routinely recognized with **exceptional Contractor Performance Assessment Ratings (CPARs)** and commendations tied to **installation successes**. Our customers consistently rate our performance as Very Good to Exceptional, and we have received **numerous awards** including:

Bering Straits joint venture Kodiak Support Services' Small Business Achievement Award for FY 2012.

- Department of Homeland Security Small Business Achievement Award in 2013.
- USCG Sustainability, Energy and Environmental Readiness Award in 2017 for our commitment to environmental protection.
- Bering Straits engineers finished 1st, 2nd, 3rd, and 5th out of 26 engineers in the Department of Homeland Security Cybersecurity and Infrastructure Agency (CISA)'s 2019 National Cybersecurity Summit. Challenges consisted of binary analysis, network log analysis, malware reverse engineering, and digital forensics.
- A team of Bering Straits engineers, representing the Office of Personnel Management, took first place out of 14 teams in the Department of Energy's Federal Cyber Fire Challenge. Challenges consisted of malware analysis, network forensics, host forensics, and cyber incident coordination.
- DLA Million Dollar Board designation for fiscal stewardship through reutilization for saving the Air Force $3.5 million a year on our Elmendorf Air Force Base Supply contract.
- Large Mine Reclamation Award from the Alaska Dept. of Natural Resources in 2016 for our work at Rock Creek Mine in Nome, AK.

In addition, BSNC has consistently rated among the top 49 Alaska-owned companies by Alaska Business Monthly magazine, ranking 12th in 2019 for overall revenues.

Other accomplishments include being instrumental in our Government customers receiving the following recognitions:

- Commander-in-Chief's Installation Excellence Award at Elmendorf AFB
- Air Force Outstanding Unit Award in 2017 for the Air Combat Command at JBLE, VA.

Alaska Gold Company's Daniel Graham accepting the Mine Reclamation Award from the AK Dept. of Natural Resources

3301 C Street, Suite 400, Anchorage, Alaska 99503 · Phone 907.563.3788 Fax 907.563.2742 · www.beringstraits.com

Three Star Enterprises LLC is an SBA 8(a) certified Alaska Native Corporation specializing in rural and virtual workforce management, distance delivery management training, executive business coaching, as well as training and technical assistance center operation for state and federal agencies. Our core competencies include assisting federal program managers with managing their discretionary grant portfolios and providing technical assistance and training to culturally diverse populations residing in rural and remote locations.

U.S. Department of Homeland Security
United States Coast Guard

Commandant
United States Coast Guard

2703 Martin Luther King Jr Ave SE
Stop 7501
Washington, DC 20593-7501
Staff Symbol: CG-CVC-1
Phone: (202) 372-1206

1650
August 17, 2017

Three Star Enterprises, LLC
Attn: Mr. Joe Marflak
185 E. Nelson Street
Wasilla, AK 99654

Dear Mr. Marflak:

I would like to extend my most sincere appreciation for your dedication to repairing and restoring the Coast Guard Office of Commercial Vessel Compliance (CG-CVC) webpage following a recent server migration in June, 2017

As the Flag Administration and Port State Control Authority for the United States, the Coast Guard is responsible for ensuring the safety, security and continued economic viability of the Marine Transportation System. The CG-CVC webpage serves a critical function by keeping the global maritime community apprised of the latest Coast Guard policies, marine safety information bulletins and program points of contact. Your tireless efforts to quickly identify the cause of the problem, liaise with key offices, complete required training, become a webmaster and manually recode and repopulate our page within days of the migration was critical to restoring access to this important information by the global maritime community.

Thank you for dedication and professionalism and most importantly, for a job well done!

Sincerely,

M. EDWARDS
Captain, U. S. Coast Guard
Chief, Office of Commercial Vessel Compliance
By Direction

Copy: Three Star Enterprises, LLC

Chugach Government Solutions (CGS) supports the missions while sustain cultures. Our culture of doing things the right way earned our team recognition from clients and partners. Below is a summary of our recent company-wide and personal recognition awards. A few highlights to show the range of services provided include:

- **White House Communications Agency Certificate of Appreciation to Eric Moore for his support to the President of the United States during his visit to Midway Atoll.**
  "Your efforts, coupled with your superb attitude and impeccable professionalism enabled us to provide critical communications for the President, the White House Staff, and the United States Secret Service."
- **The U.S. Air Force Air Combat Command awarded the John L. Hennessy Award Best Dining Facility Operation to Creech Air Force Base Dining, operated by CGS.**
- **The U.S. Navy awarded CGS Public Works Departments at Naval Air Station Fallon a Safety Through Awards and Recognition program award for demonstrated, proactive safety posture throughout the life of the contract.**

AWARD NUMBER AND TYPE	CLIENT, LOCATION AND TYPE OF RECOGNITION
18 Commanders Coins 2 Certificates of Appreciation 2 Letters of Appreciation 2 Recognitions 25 STAR Awards	Naval Air Station Fallon recognized CGS for Safety, Extraordinary Service, Quality, and Individual Performance
2 Letters of Appreciation 1 Contractor of the Year Award 1 Compliance Award	Picatinny Arsenal recognized CGS for Compliance, Public Works Support, and Individual Performance
2 Letters of Appreciation 1 Presidential Safety Award 1 Certification of Appreciation	West Sound recognized CGS for Safety, Team of the Quarter, and Outstanding Individual Performance
2 Letters of Appreciation	The U.S. Coast Guard recognized CGS performance at Wake Island
1 Commander's Coin 1 Certificate of Appreciation	U.S. Army recognized the support CGS provides to Eareckson Air Station
1 John L. Hennessy Award	Creech Air Force Base recognized as the Best Dining Facility Operation in Air Combat Command, operated by CGS
1 Certificate of Appreciation	National Aeronautics and Space Administration recognized CGS for Outstanding Support at Glenn Research Center
2 Certificates of Appreciation	U.S. Navy recognized CGS for Outstanding Support at Whidbey Island and Guam
1 Certification of Appreciation	U.S. Army recognized CGS employee for Individual Performance after 15 years of support on Kwajalein Atoll
2 Certificates of Appreciation	The President of the United States and U.S. Fish and Wildlife Service recognized CGS employee for Individual Performance on Midway Atoll

Submitted November 8, 2019
Ho-Chunk, Inc.

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

Representative Young Questions for the Record for Panel Two

QFR 1: Is revenue tracked by NAICS Code?

A1. Yes. ANCs, Tribes, and NHOs are generally required to track revenue by NAICS Code while in the SBA's 8(a) Business Development Program. During the Annual 8(a) Update Review, the SBA Certify system requires that an 8(a) contract worksheet be uploaded for each contract the 8(a) firm performed during the preceding program year. Included with our answer is a sample contract worksheet that is used to create a record. The record contains information such as the type of contract (small, HUBZone, 8(a)), the NAICS code, and whether or not the contract is a sole source. It also contains the percentage of work performed by the 8(a) firm, joint venture partners, similarly situated entities, and other subcontractors. This information is reviewed by the SBA Business Opportunity Specialist (BOS) when they review the firm's Annual Update.

QFR 2: Is there a method used to determine whether or not a follow-on contract exists and is being awarded to the sister subsidiary?

A2. Yes. 13 CFR 124.502(c) requires that a contracting officer indicate his or her formal intent to award a procurement as an 8(a) contract by submitting a written offer letter to the SBA. Two of the required elements of the offer letter are the NAICS code that applies to the principal nature of the acquisition, and the acquisition history, if any, including specifically whether the requirement is a follow-on requirement. This acquisition history should include the name of the incumbent contractor. The System for Award Management (SAM) requests information on a company's immediate and highest-level owner. So, a basic search by the SBA of existing government systems should be able to identify whether the incumbent contractor and the potential awardee are owned by the same parent company.

QFR 3: May a firm participating in the 8(a) Program be found to be affiliated with another firm owned by the same ultimate parent, such as a Tribe, ANC, or NHO?

A3. Yes. The 8(a) Business Development Program certification and participation is governed by regulations contained in 13 CFR 124. These regulations are primarily the same for both individual and tribally-owned corporations, with some exceptions for "group" or entity-owned firms. These exceptions to the 8(a) program rules for entity-owned participants are based on the acknowledged lack of economic resources and access to capital for tribes and the other community-based

organizations. As a model of self-determination, providing these exceptions for entity owned firms in the 8(a) program allows tribal governments to determine what type of businesses best suit the needs of their citizens and how to enter varied markets. Gains to tribal corporations from these activities are returned to the tribal governments and citizens, enhancing their social and economic position.

While there are exceptions to affiliation in the 8(a) Program, a Native community owned firm may still be found affiliated with another firm owned by the ultimate parent while in the 8(a) Program. 15 U.S.C. § 636(j)(10(J)(ii) (II) states: In determining the size of a small business concern owned by a socially and economically disadvantaged Indian tribe (or a wholly-owned business entity of such tribe), each firm's size shall be independently determined without regard to its affiliation with the tribe, any entity of the tribal government, or any other business enterprise owned by the tribe, unless the SBA Administrator determines that one or more such tribally owned business concerns have obtained, or are likely to obtain, a substantial unfair competitive advantage within an industry category.

QFR 4: May a tribe, ANC, or NHO be found affiliated for purposes of size while in the 8(a) Program with a sister subsidiary?

A4. Yes. There are very narrow exceptions to affiliation in the 8(a) Program – (1) when the firm enters the Program and (2) for contract awards (3) as well as obtaining dominance in the NAICS Code. Moreover, a firm owned by an ANC, NHO, or Tribe may be found affiliated for size purposes under 13 CFR 121.103 for numerous other reasons, whether with a sister subsidiary or not. 13 CFR 121.103(b)(2)(ii) states: Business concerns owned and controlled by Indian tribes, ANCs, NHOs, CDCs, or wholly-owned entities of Indian tribes, ANCs, NHOs, or CDCs, are not considered to be affiliated with other concerns owned by these entities because of their common ownership or common management. In addition, affiliation will not be found based upon the performance of common administrative services so long as adequate payment is provided for those services. Affiliation may be found for other reasons.

Common administrative services which are subject to the exception to affiliation include bookkeeping, payroll, recruiting, other human resource support, cleaning services, and other duties, which are otherwise unrelated to contract performance or management and can be reasonably pooled or otherwise performed by a holding company, parent entity, or sister business concern without interfering with the control of the subject firm. For example, contract administration and business development from the parent company may include both services that could be considered "common administrative services" under the exception to affiliation and those that could not.

Submitted November 8, 2019
Ho-Chunk, Inc.

QFR 5: Is there a uniform-benefits reporting form for ANCs, NHOs, and tribes participating in the 8(a) Program?

A5. Yes. ANCs, NHOs and Indian tribes are the only 8(a) Participants who must report to the SBA how they use the profits from their companies. 13 CFR 124.604 requires a reporting of benefits for 8(a) firms owned by Indian tribes, ANCs, NHOs, and CDCs. As part of its annual financial statement submission, a tribally owned firm must show how it provided benefits to the Tribal or native members, or the community, due to the Tribe's participation in the 8(a) Business Development Program through one or more firms. There are narrative sections in the required SBA Form 2456 where the firm can include information relating to funding cultural programs, employment assistance, jobs, scholarships, internships, subsistence activities and other services provided by the Tribe to its members or community. Included with our answer is the SBA Form 2456.

The Winnebago-owned firms participating in the 8(a) Program arose due to the high levels of unemployment across Indian Country, often in excess of 60%. Like other governments, tribal governments are responsible for the health and welfare of their tribal citizens. The role of 8(a) corporations in the Native communities differs from other individually owned contracting entities. Native 8(a) corporations are in business to enhance the economic and social conditions of the tribes who own the corporations, not just a single owner or small number of owners.

The (8)a Business Development Program has been a critical tool in reversing decades of failed federal policies for tribes and has promoted self-governance and self-determination. While the SBA Form 2456 that is filed annually with the SBA is an indicator of the benefits tribal members and communities have derived from the 8(a) program, there is still much work to be done to reverse over 100 years of disparate treatment of tribes that has impacted the health, educational opportunities, and entrepreneurial opportunities for tribal citizens

QFR 6: What types of awards and recognition you have received from the federal government for work you have performed under contract?

A6. Ho-Chunk, Inc. companies have won numerous awards and gained public recognition for their exemplary contract performance.

- 2019 - Secretary's Award for Excellence in Small Business Contracting, Department of State
- 2014 - Minority Business Development Agency Advocate of the Year, U.S. Department of Commerce
- 2010 - U.S. Department of State Small Business Award for Excellence
- 2010 - Regional SBA Minority Small Business Person of the Year - CEO Lance Morgan
- 2007 - Regional Champion of Small Business Award, SBA Nebraska Business Development Center
- 2007 - U.S. Department of State Small Business Prime Contractor of the Year

- 2006 - U.S. Department of State Small Business Award for Excellence
- 2003 - *Inc. Magazine* Top 500 Company, Ho-Chunk, Inc.

NHOA
Native Hawaiian Organizations Association

November 11, 2019

House of Representatives
Committee on Small Business,
ATTN: Lauren Finks
2361 Rayburn House Office Building
Washington, DC 20515

SUBJECT: Responses to U.S. Representative Don Young's Questions during Committee on Small Business Hearing Titled, "Native 8(a) Contracting: Emerging Issues" held on October 22, 2019

1. Please find the Native Hawaiian Organizations Association (NHOA) responses to the six (6) questions asked by Representative Young during the hearing.
    a. Is revenue tracked by NAICS Code? *Yes, and also by 8(a) and non-8(a) revenue.*
    b. Is there a method used to determine whether of not a follow-on contract exists and is being awarded to the sister subsidiary? *We track it internally. We cannot answer for the SBA if they have a tracking mechanism.*
    c. May a firm participating in the 8(a) Program be found to be affiliated with another firm owned by the same ultimate parent, such as Tribe, ANC, or NHO? *No not normally. But the SBA Administrator can find affiliation if one or more such concerns owned by the NHO have obtained, or are likely to obtain, a substantial unfair competitive advantage within an industry category (based on the relevant 6-digit NAICS Code nationally). 13 CFR 124.110(b). SBA Administrator can also find affiliation for other reasons (Common Management, 13 CFR 121.103(e); Identity of Interest between individuals or businesses, including family members, 13 CFR 121.103(f); and Contractual Relationships or Economic Dependency, 13 CFR 121.103(a)(f) and (g)).*
    d. May a tribe, ANC, or NHO be found affiliated for purposes of size while in the 8(a) Program with a sister subsidiary? *Same answer as above.*
    e. Is there a uniform benefits reporting form for ANCs, NHOs, and tribes participating in the 8(a) Program? *Yes, SBA Form 2456.*
    f. What types of awards and recognition you have received from the federal government for work you have performed under contract? *Please find attached documents as enclosures for awards and recognition received by NHOA member organizations.*

NHOA
Native Hawaiian Organizations Association

For questions or concerns please feel free to contact our Administrative Assistants, Shannon Edie, shannon@nhoassociation.org or Daphne Tong-Pave, daphne@nhoassociation.org.

Very Respectfully,

Philip Kahue
Vice President

cc: U.S. Representative Don Young, ATTN: Michael Songer, Legislative Assistant

Awards and Recognition by the Federal Government for NHOA Member NHOs and their companies

1. Hawaiian Native Corporation
    a. American Society of Safety Engineers Pacific Rim Award - Hawaii Chapter, Governor's Pacific Rim Safety & Health Conference "Excellence in Safety Award" in 2016
    b. Historic Hawaii Foundation Preservation Honor Award for our Aloha Center project in 2017
    c. CIO Review – Top 20 Most Promising Defense Technology Solution Provides in 2017
    d. CIO Review – Top 10 Most Promising Homeland Security Providers in 2018
    e. AFCEC Rapid Damage Assessment (RDA) Team 2018 STEM Award
    f. Outstanding Fuel Handler Award from 2016 presented to Alan Reynolds by an industry group
    g. Several quotes from Government customers
2. Hui Huliau
    a. Several Contractor Performance Assessment Ratings (CPARs)
3. The Hawaii Pacific Foundation
    a. Recognized by Dep Asst SECDEF for Defense Support to Civil Authorities Letter of Appreciation: Recognized for developing all the curriculum, plans and conducts delivery of all training and exercises to enhance disaster/emergency preparedness and resilience of Army Garrisons worldwide
    b. Recognized by US Army Installation Management Command Letter of Appreciation: Significantly improve Army Installation Command's Protection Program and ability of Army Installations to Prevent, Protect, Mitigate, Respond and Recover (P2MR2) from a major all-hazards event occurring on the Installation while restoring/maintaining Mission Assurance and protecting the affected population
    c. Broadleaf was recognized by Inc. 5000 as one 2019's of the fastest growing businesses in the U.S.
    d. Recognized by National Guard Bureau Award: Yellow Ribbon Family Support Award 2015
    e. Recognition by Myanmar Peace Center and U.S. Embassy Service Award 2016 - Introduced Soft Power operations to Myanmar National Defense University
    f. Recognized by Pakistan Foreign Minister: Outstanding Service Award for support during 2011 floods in Pakistan's Singh Valley
4. Alaka`ina Foundation
    a. 2007 National Committee for Employer Support of the Guard and Reserve (Ke`aki Technologies, LLC)

b. 2009 Navy CEL & Associates (CEL A) and Crystal Award for Excellence in Bachelor Enlisted Quarter (BEQ) Customer Service and Facilities from Navy Region Hawaii (Manu Kai, Ke`aki Technologies, LLC)
c. 2010 Navy Food Management Team 5-Star Accreditation for Food Service Operations (Manu Kai, Ke`aki Technologies, LLC)
d. 2010 Navy CEL A and Crystal Award for Excellence in BEQ Customer Service and Facilities from Navy Region Hawaii (Manu Kai, Ke`aki Technologies, LLC)
e. 2011 Navy CEL A and Crystal Award for Excellence in BEQ Customer Service and Facilities from Navy Region Hawaii (Manu Kai, Ke`aki Technologies, LLC)
f. 2012 PMRF Manu Kai Fire Department received 5-Year Commission on Fire Accreditation International (CFAI) reaccreditation. PMRF Manu Kai Fire Department is the only contractor run Fire Department in the Navy, and only one of 63 Federal Fire Departments in Department of Defense to do so. (Manu Kai, Ke`aki Technologies, LLC)
g. 2012 Defense Information Systems Agency (DISA) Outstanding Defense Information Systems Network (DISN) Facility (Category III Transmission) (Laulima Government Solutions, LLC)
h. 2013 Navy CEL A and Crystal Award for Excellence in BEQ Customer Service and Facilities from Navy Region Hawaii (Manu Kai, Ke`aki Technologies, LLC)
i. 2014 DISA Pacific Commander's Cup, Hickam Technical Control Facility (Laulima Government Solutions, LLC)
j. 2015 DISA Node Site Coordinator of the Year, Hickam Technical Control Facility (Laulima Government Solutions, LLC)
k. 2016 DISA Node Site Coordinator of the Year, Hickam Technical Control Facility (Laulima Government Solutions, LLC)
l. 2016 White House Communication Agency Certificate of Appreciation (Laulima Government Solutions, LLC)
m. 2017 PMRF Manu Kai Fire Department received 5-Year Commission on Fire Accreditation International (CFAI) reaccreditation. PMRF Manu Kai Fire Department is one of only 13 Fire Departments in the Navy, and only one of 63 Federal Fire Departments in Department of Defense to achieve this milestone. (Manu Kai, Ke`aki Technologies, LLC)

2017

Preservation Honor Awards

Preservation Award

Dawson Technical LLC

The Rehabilitation of Building 690 at Schofield Barracks

For the rehabilitation and adaptive re-use of Building 690 at Schofield Barracks to provide facilities for the Army Community Service and American Red Cross.

Joanna Kawamoto, President, Board of Trustees

Kiersten Faulkner, Executive Director

HISTORIC HAWAI'I FOUNDATION

DAWSON

recognized by **CIOReview** *magazine as*

20 MOST PROMISING
DEFENSE
TECHNOLOGY
SOLUTION PROVIDERS - 2017

An annual listing of 20 companies that are at the forefront of providing Defense Technology solutions and impacting the marketplace

Quotes and Kudos from DAWSON's Clients:

Kudos for Royal Saudi Air Force (RSAF) Project: "I would to thank everyone in this project for their efforts. Special thanks to Sam and Waqas that i don't know without them how this project can go further even one step. Sam did a cover for technical teams to work together without bother them in administrative tasks and issues and at the same time he supports them by any tools or engineers that they need. He also was encouraging them and did not force or stress them under any reason. He was watching every activities and every persons in all teams and if he found someone stressed or tired, he took him for a break and drink coffee or tea with him and talk outside the work to let him relax. I call Brother Waqas "the universal engineer". He supports and helps us in every parts of this project. He follows every technical tasks in the project and help to solve any issues or difficulties. He supervised all the activities and help to guide the teams for achieving the goals." - *Mohammad Aleissa, Technical Enforcement Lead for RSAF, 9/30/19*

"I would like to personally thank you for your outstanding efforts and unwavering customer focus with the recently completed B700 roof and soffit repair project. As you well know this was a very high visibility project, drawing 4-star interest from both USINDOPACOM and COMPACFLT. Your professionalism, dedication to excellence and teamwork from beginning to end, made this project a resounding success and was greatly appreciated by the NAFCAC HI, Joint Base Pearl Harbor-Hickam, and Navy Region HI teams. Than you to your management team, your subcontractors, and you field staff-OUTSTANDING work across the board! Especially noteworthy was your responsiveness during pre-award and your superb focus on SAFETY, QUALITY, PROACTIVE COMMUNICATIONS, and CUSTOMER SERVICE during construction. I speak on behalf of the facility end-user, USINDOPACCOM and my entire Team, in expressing my appreciation and gratitude for a job exceptionally well done. In closing, this project although originating under less than ideal conditions, was a huge success and a true testament to the type of construction firm that Dawson is known to be. Your reputation is stellar and this project further advanced that in my eyes. The Dawson team rose to the occasion with this project and I very much look forward to working with you on future projects. Please pass along to your entire team, my heartfelt gratitude and appreciation. We tremendously value our Contractor partners and consider it a great honor to work with firms such as yours. Keep charging and Mahalo again!" – *Captain Marc Deleo, CEC, NAVFAC Hawaii, Contracting Officer, 6/20/19*

"Derek [Jennings] has been doing an excellent job managing SBS. He coordinates the weekly & quarterly events along with tracking all of the requests for service and keep the spare parts in stock. He is also involved with building six each very intricate mil-connector cables for the Mid-Brow Door (MBD)and preparing to build two new MBD units to get the SBS units back to fully fielded. The prototype Swing Shut Door development depends on Derek to keep it moving forward. He has a lot of SBS plates spinning and keeps them all up and humming. He actively looks for creative ways to improve performance (like data downloading and video system support.). He is a good team player and is a capable leader. Another team member we depend on is Dale Sackfield. Dale is always a value-added person. He is so humble, willing to do whatever it takse to make the mission successful. He works seamlessly with TCI and other Dawson sub-Ks. Dale recently expedited a visit request to Kings Bay for an important Subject Matter Expert to review the prototype Swing Shut Door and it worked flawlessly. Dale also hosts the Kings Bay SBS Quarterlies providing excellent services. He is a great resource and makes the SBS Sustainment in Kings Bay work efficiently and smoothly. It makes the job easy be on a team with Derek and Dale."

– Peter Tabor, NAVFAC EXWC SBS Project, 6/13/19

"Can't say enough how awesome these reports are. They help so damn much. These pictures are great!!!" *- LTJG Taylor Burton, NAVFAC Hawaii, PWD, regarding B700 Repair Soffit & Roof Project, 5/23/19*

"Thank you for conscientious and consistent effort to provide high quality products on time and within budget. Your email below letting me know what Dawson is doing and ensuring the proper action are taken is a good example of Dawson's attention to detail and being a good team player." *– Peter Tabor, NAVFAC EXWC Secure Brow Construction Project, 4/29/19*

Kudos on USAFA Grounds Snow Removal during 2019 Blizzard Event:
"I cannot say a big enough THANK YOU to the Dawson Ground Crew for their relentless work ethic and effort put forth to make our baseball field playable. The countless number of hours spent on our baseball field on Friday and Saturday was incredible. The crew worked tirelessly to get our field into playing condition after working many hours clearing streets, parking lots, and sidewalks of snow. The work in which the crew did enabled us to play UNC on Sunday, a game in which we needed to play at home as we have already lost five home games due to weather. It honestly was a quite impressive task that your crew was able to get that amount of snow off the field as there were drifts as high as 4 feet and it spread across the whole south side of the field! Again, we want to give a HUGE shout out and THANK YOU to your crew as we were able to play baseball at Falcon Field on Sunday." *– Maj (ret) Mike "Kaz" Kazlausky, USAF Head Baseball Coach U.S. Air Force Academy, 3/21/19*

"What your staff faced last week was monumental! Understanding where priorities lie, your snow removal crew did everything they could to get the Academy up and running again! Between clearing snow USAFA wide, and then specifically AD, what your crew accomplished was nothing short of a miracle. Our Field House parking lots, sidewalks, interior roads, back lots, etc. were buried in five to six foot drifts, and our playing fields were unplayable. We observed day and night operations that didn't cease until things were back to normal. Your hard work and support was [sic] incredible. Thank you!" *- Jess Souza, Associate Athletic Director, USAFA Dept. of Athletics/ADSU, 3/21/19*

Environmental success story: USACE Huntsville SATOC for MMRS and OERS at Sites CONUS and OCONUS, W912DY-12-D-0049, Task Order 0011, Fort McCoy Badger Drop Zone Range Support
DAWSON-ZAPATA JV completed all Fort McCoy Badger Drop Zone Range Support tasks, which were a combination of FFP and CPFF tasks. The CPFF field tasks (robotics tree removal) were completed ahead of schedule. By completing the project ahead of schedule, DAWSON-ZAPATA was able to return $243,000 of remaining contract capacity on CPFF tasks back to the Government and made them very happy.

Kudos on a Task Order under the IDIQ Construction Support Services Contract No. N62478-18-D-1513 with NAVFAC HI: "I want to thank you [Derek Mar] and your team [DAWSON] very much for the work you did on this project. I've had the opportunity to sit in on several briefs from both CAPT King (Public Works Officer) and CAPT Delao (Commanding Officer, NAVFAC HI) where DAWSON was used as an example of a contractor who has proven able to 'get the job done'. And your reward was, is, and will be, more contracts. So on behalf of my Command Officer, and Public Works Officer, I'd like to thank you both for what you did with this project and many others; getting the critical facility back to fully mission capable. I hope you and your team have a great weekend, and once again, congratulations on a job well done. Let me know if there is anything I can do for you." *– Lt Thomas R. Stock, PE, CEM, LT, CEC, USN*

Outlying Area Public Works Officer, Joint Base Pearl Harbor-Hickam / NAVFAC Hawaii

"It is with great pleasure that I recognize the efforts of the Dawson Federal [DAWSON] Grounds crew for their work on the Air Force Academy Cemetery, specifically the first week of December 2018. On 15 December, the Academy hosted a wreath lying ceremony, honoring veterans laid to rest in our cemetery. There were over 300 people in attendance to witness and participate in the ceremony. Your crew, under the supervision of Mr. Kevin Sudduth, did a great job ensuring the grounds were trimmed, cleaned, and well presented to the public. Please pass on my thanks to these individuals for a job well done." – *Lt Gen Jay B. Silveria, US Air Force Academy, 2/7/19*

"I wanted to let you Paul Sanger [of DAWSON] has been an incredible asset to our waterfront. He's been very responsive and supportive preventing countless Nuclear Weapon Security violations on the Bangor Waterfront. Paul spent 12 hours troubleshooting and repairing one of our Secure Brows during the worst snow-storm of the year. I wish I had 5 Sailors just like him. Please know, Naval Submarine Support Center-Bangor really appreciates his dedication. Thank you." – *LT Jay. D. Baker, NSSC Bangor N7/N9 Weapons Officer, NAVFAC EXWC Secure Brow Project, 2/20/19*

"Over the past 3 years, DAWSON has executed several fuels SRM projects related to tank and pipeline repairs for USACE Omaha across the United States. They have a responsive and engaged management team and outstanding, dedicated project managers and field staff. They strive to complete the work on time and with a high level of quality. They understand the importance and critical nature of the USACE mission. The Omaha District appreciates all their hard work to ensure that the fueling needs of the US warfighter are met." – *Mary T. Azelton, PG, Resident Engineer, Defense Fuels, USACE Omaha District, 2/8/19*

"DAWSON has a large cache of personnel that have the specialized DoD Fuels Infrastructure Experience that is critical to supporting our mission. DAWSON is very flexible in scheduling their personnel to best meet our mission, to include necessary surge support, while still operating within the confines of the contract and task order. Business Relations are where DAWSON shines. They are a company that seems to always do the right thing. DAWSON goes the extra mile to communicate with key stakeholders, is flexible with their scheduling and makes every effort to adjust their business practices to align with mission requirements. They aim to provide Government stakeholders with the highest level of technical expertise, support, and flexibility, particularly under pressure and when the stakes are high. DAWSON's leadership aims to please, from those in the Corporate office to the on-site management and support staff." – *Brindle Summers, Contracting Flight Chief, Air Force Installation Contracting Agency, 772 Enterprise Sourcing, Squadron in support of the Air Force Civil Engineer Center, November 2018*

"The Helix House AHU replacement project was completed on Friday, 25 January, two days ahead of schedule. This project was also identified as a priority project during the Joint Base Q4 facilities board. As the contractor QC and PM for this project, Mr. Chan was the driving force for Dawson (Prime Contractor) to finish on time, with strict adherence to safety and quality. I can personally attest to a clean worksite as evident during an impromptu visit from CDR Hurd and I on 14 January." – Thomas R. Stock, PE, CEM, Outlying Area Public Works Officer, Joint Base Pearl Harbor-Hickam / NAVFAC Hawaii,

1/28/19 (*in reference to the Lualualei AHU Replacement project that had a very tight window and long lead specialty equipment procurement*)

"Mr. Johnson [DAWSON].....outstanding teamwork here...GREATLY appreciated and looking forward to further driving this high-visibility project to continued success for both Dawson and the GOV - Win/Win! Thank you again and if I can do anything to help the Team, let me know. Onward!" – CAPT Marc Delao, Commanding Officer, NAVFAC Hawaii, 1/28/19

"Hurricane Michael caused loss of access to the base and severely degraded connectivity to the AFCEC shared network drives, email, etc. DAWSON setup workspace in its off-base office and our personnel have the telecommunications capabilities necessary to fully meet all contract requirements. DAWSON did an exceptional job in keep the mission going after Hurricane Michael, with very minimal interruption to the support of this contract. Great Job!" - Jeffrey A. Warnecke, AFCEC COR, 11/20/18

Commendation to DAWSON from the Tyndall Fuels PMs for Emergency Response Efforts:
"On behalf of the Dawson Team Tyndall Fuels PMs, I would like to thank Dawson for the gift enclosed in our Christmas Card. We can't thank everyone enough for the generosity and assistance especially as we move forward to restore our homes and families to a sense of normalcy after the recent hurricane. From the moment the hurricane set eyes on our area and through the aftermath Dawson was there and stood by our sides and continues to stand with us. The efforts made by the Dawson team are truly a blessing as we see it and, in our opinion, could not have been topped! Thank you all for assisting and remembering us and for the opportunity to be employees of such a fantastic firm!" - Bill Cooper, CMPM,CIPM, DAWSON Senior Project Manager, Tyndall AFB

"Just wanted to say thanks to the Dawson/Elite Team for providing quick service to this critical high vis. Building. I'm sure LCDR Winckler appreciates your service as he has been our liaison between the customer and us and has been of great help as well. Thanks again for your continued support." - Lee Uyeda, COR/PAR, NAVFAC Hawaii, 1/5/18, regarding N62478-17-D-2464; TO No. N6247819F4012 Clean Condenser Barrel to Chiller System, B-55

"It was a pleasure working you and the team! DAWSON displayed excellent professionalism throughout the entire project. They meet the construction completion date and exceed all expectations for delivery of services. For a high activity risk job, no safety incidents reported. DAWSON worked great with the customer to ensure goals were meet. Overall, we NAVFAC SE PWD Kings Bay were extremely pleasured with DAWSON's performance." – LtJG Carlos D. Richardson, CEC, USN Construction Manager, PWD NSB Kings Bay NAVFAC Southeast, 10/11/18

"I wanted to thank all of you for working on this project from contract review and approval to actual completion of the work. It was truly a team effort and I appreciate everyone's help on getting this completed!" – Moani Pai, Program Support Coordinator, NOAA Papahanaumokuakea Marine National Monument, regarding the PV System Repair Project, 10/3/18

"Just wanted to send you [DAWSON] a quick note of appreciation for what I perceive as fine work in keeping the grounds nice and the snow removed on our priority one roadway, NORAD Road. I've been in the business long enough to appreciate what it takes to perform a good job that satisfies the installation's leadership. In my opinion you have met the mark." - CHRISTOPHER S. SIMPSON, GS-13, P.E., LEED AP, Chief, Engineering Flight, 721 CES/CEN, 9/5/18

"I wanted to let you know that I appreciate the thorough inspection that Mr. Chambers and Mr. Cooper performed. They walked and inspected the entire pipeline from the Type III Hydrant pumphouse to the DFSP and inspected the intra-terminal piping at the DFSP pointing out problems with the Teflon pads, pipeline U-bolts, missing coatings and coating holidays. The contractor was a little confrontational with Mr. Chambers and he put a stop to that very quickly. Overall, I think we have a successful coatings job." - John Sprenkle, Jr. P.E., General Engineer, Construction Engineering Branch, DLA Installation Operations Energy, Installation Management Division, 5/10/18

"Please thank Elwood Webster, Tony Cox, Randy Putnam, Russ Waddill and Tom Coffey and his team for their efforts to satisfactorily and timely respond on the IDIQ Contract No. N39430-18-D-2025, "SECURE BROW SYSTEM (SBS) SUSTAINMENT AND SBS SERVICE LIFE EXTENSION PROGRAM". This contract has very complex requirements to sustain this strategically important system. SBS is part of the security for some of our nation's strategic assets. Dawson's high performing team worked hard to get to the award of this sustainment contract. The Dawson team interfaced excellently with the EXWC team to be awarded this best value contract to meet fleet requirements." – Mr. Peter Tabor, NAVFAC EXWC, 5/3/18

"It has been a pleasure to work with your staff, on this [BEQ 300/301] and all other Dawson projects, thank you for your excellent support." - Adam Mikes, PE, Naval Facilities Engineering Command Hawaii, 1/18/18

"Michelle Caruso and Loren Casale (DAWSON) have managed project very effectively. Project involves complex geology and difficult contaminants. They have used their knowledge and expertise to advance the RI for this site very well, using cost effective and efficient technologies to acquire the needed data. They excel at maintaining consistent communication with the USACE team to ensure issues are resolved promptly. We are using them on four FUDS projects currently and they provide excellent, high quality service on all." - Julie Anne Hiscox, PE, USACE Savannah District, Senior Project Manager,RI/FS Five Chlorinated Solvent Sites, Former Turner AFB, 10/20/17

"Your diligence and professionalism is greatly appreciated." - Kavi Spence, Contract Specialist, Ordnance & Explosives Directorate -- Huntsville, AL US Army Corps of Engineers, 9/7/17

"Congratulations on a job well done. I am extremely pleased to pass on the laudatory remarks of Senator Daniel K. Inouye for you and your fellow team mates outstanding efforts to clean up the Waikoloa Maneuver Area Formerly Used Defense Site (FUDS) on the Island of Hawaii. I am very proud of you and your significant contributions to our team and in support of restoring our environment. The

accomplishments of your team are impressive, and this recognition is a testament to all of our hard work and dedication. Keep up the great work!" – Jon. C. Chytka, LTC, EN, Commanding, USACE Honolulu, 3/30/09

"I want to commend you and your staff for the great work you are doing to clean up the Waikoloa Maneuver Area Formerly Used Defense Site (FUDS) on the Island of Hawaii. Since the contract was awarded to Dawson Group [DAWSON]/Environet Joint Venture, the federal government has enjoyed unprecedented success in the rate and quality of ordnance removed. Additionally, the undertaking has been conducted with professionalism, and environmental and cultural sensitivity that has won praise from the community. There is no question that greater cleanup efforts increase community acceptance for a continued military presence in the islands. It is clear to me that much of the success is attributable to the leadership provided by your staff and the work ethic exhibited by your contracted, the first 8(a)/Native Hawaiian Organization Joint Venture team. Please convey my congratulations to your entire team. This was an excellent demonstration utilizing Hawaiian-based talent. I hope they will continue to receive serious consideration for a job well done." – Daniel K. Inouye, United States Senator, 3/9/09

DAWSON is actively working on two NAVFAC ATFP Gates valued at approximately $5M with positive commendations form the client:

> "I've had several meetings this week with senior leaders both on Hawaii and in Washington DC and this project is gaining increased interest and for good reason. They are pleased that this team [DAWSON] has taken a significant challenge and developed a realistic plan to complete this project within the current time and cost goals, so I want to be sure you know we are grateful for your team's hard work." - Joshua Sharp, PE, LT, CEC, USN, NAVFAC, FEAD North & Outlying Team Lead, PWD JBPHH, 2/10/17

"I would be remiss if I didn't pass along the appreciation received by the tenants for your team's efforts to open the Luapele gate early and relieve the morning traffic congestion. Mahalo for all the heavy lifting by your teams!" – Lt. Joshua Sharp, PE, LT, CEC, USN, FEAD North & Outlying Team Lead, PWD JBPHH, 6/21/17

"Always a pleasure working with a company [DAWSON] with proven capabilities and excellent past performance and that understands NAVFAC processes. As a side note, the EPP submittal feedback from the environmental office director for the battery shop exhaust project (task order 0002) stated 'best EPP I have ever seen'." – Mario Aguirre, NAVFAC SE, PWD Kings Bay, 2/15/17

"I'm putting my comments in writing about the contractor support we rec'd at the former Badger AAP public meeting, July 26 in Madison, WI. **Mr. Lee Carroll, Dawson contractor**, did an outstanding job facilitating a contentious public meeting. The situation was technically complex, emotions were high and attendance was not only more than double the usual, it also included television and print media, members of an activist group, state regulators and two U.S. Congressional staff representatives. Lee was well prepared! He took time weeks in advance to discuss the situation with U.S. Army representatives from ASA (IE&E) and ACSIM (John Tesner and Mike Kelly respectively); strategize with AEC public affairs

staff on media, set-up, presentation and offered valuable insight about the Merrimac/Prairie du Sauk community. In his role as facilitator, Lee ensured that all were treated with fairness and respect, doing an excellent job of moderating questions. Early on, the activist group members (spread throughout the audience) attempted to derail the agenda and Lee demonstrated his skill as a professional communicator keeping the meeting on track and on time, while maintaining his poise as well as being completely non-biased, allowing all groups to comment and question. In short, he was a great asset to our mission." – Amanda S. Rodriguez, U.S. Army Environmental Command (AEC), Environmental Futures, Communications & Engagements Division, 8/2/17

"This has to be the most thorough monthly field report I have ever seen. Awesome!!" - Julie Hiscox, USACE Savannah BEST COR, 11/22/16

"After thorough review of the Draft-Final WP and QAPP documents [for the Turner AFB 04 WP and QAPP], I found no defects and have no questions or concerns regarding the data, conclusions or recommendations." - James Waldo, USACE Savannah District Project Geologist, 6/9/16 (regarding a comprehensive RI/FS Work Plan/UFP-QAPP for an HTRW project)

"Special thanks to DAWSON for assisting with BEM [Buried Explosion Module] cover during our command visit!" – Gina Kaso, JBCC Program Manager, USACE New England District COR, 5/25/16

"The contractor [DAWSON] staff is professional, accessible and responsive. On-site management is experienced and has the expertise to perform. The JBCC program is fluid with an aggressive regulator environment. The contractor [DAWSON] has performed well and was awarded a follow-on contract."- Ms. Gina Kaso, Project Manager, USACE New England District

"DAWSON and especially their management team have demonstrated strong technical aptitude, keen knowledge of regulatory compliance, and provide outstanding customer service. I have been very impressed with their professionalism and commitment to excellence." - Julie Hiscox, USACE Savannah BEST COR, 4/6/16

"DAWSON has demonstrated creativity, ingenuity and cooperation. They have provided workers who have extraordinary talent and an exceptionally strong work ethic. In all ways, they are simply the best I have ever worked with!" — Mr. Gary Howe, AOG Executive Vice President, Email dated 03/14/2014

"Please pass on my sincere thanks to an OUTSTANDING crew with enthusiasm and dedication for what is sometimes a thankless and grueling job when dealing with the elements. Again - HUGE KUDOS!!!!" — Tammie Boyd, 10 MDG Facility Manager, Email dated 02/20/2014

"DAWSON has done an OUTSTANDING job in the Construction Management of the $34M Customs and Border Protection Processing Facility which is the largest such facility in the country." – Kurt Floyd, COR, USACE Fort Worth District

"DAWSON completed a very arduous task required by the customer while demonstrating a high level of technical competence for the work involved. The contractor presented the government with superior work contributed to standards they exhibit and maintain." – Mr. Alain Bernier, Program Manager, USACE Fort Worth Exceptional CPAR Rating, 12/14/2012

"Dawson Technical was very proactive in reaching out to the customer and establishing a positive working relationship. Their customer focus was exceptional." – Mr. Ben Case, Program Manager, USACE Fort Worth, "Exceptional" CPAR Rating for Business Relations, 12/10/2012

"DAWSON continues to provide outstanding performance to our DHS customer and I highly recommend them to other Federal agencies looking for an outstanding 8a company." – Mr. Ben Case, Program Manager, USACE Fort Worth

"DAWSON has done an outstanding job for us on multiple complex environmental remediation and munitions response projects including very high hazardous and emergency response actions." — Mr. Plyler McManus, Program Manager, USACE Huntsville Center

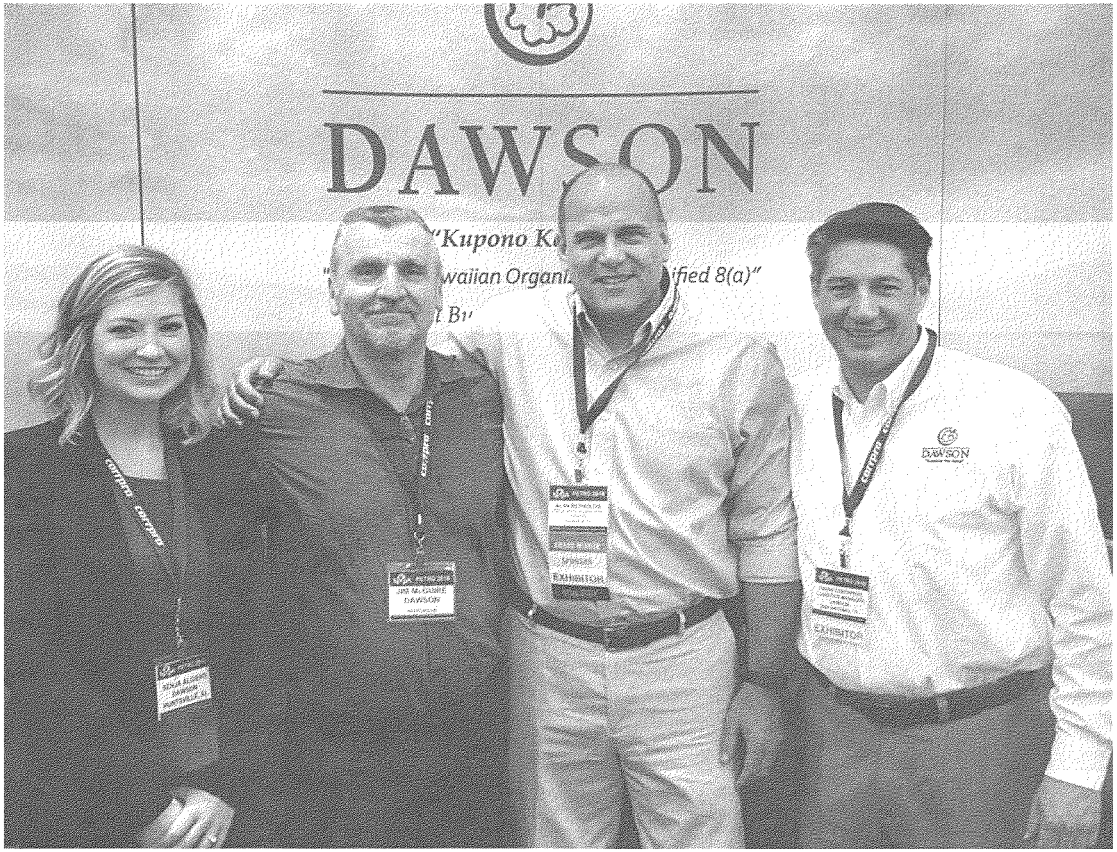
"DAWSON has done an outstanding job supporting me and the entire DDC program on their Contract W9126-G-12-C0110 with HQ DLA and Fort Worth Corps of Engineers. I welcome the opportunity to work with your team of professionals at DAWSON in support of my growing mission needs." – Jim Douglass, DLA DDC

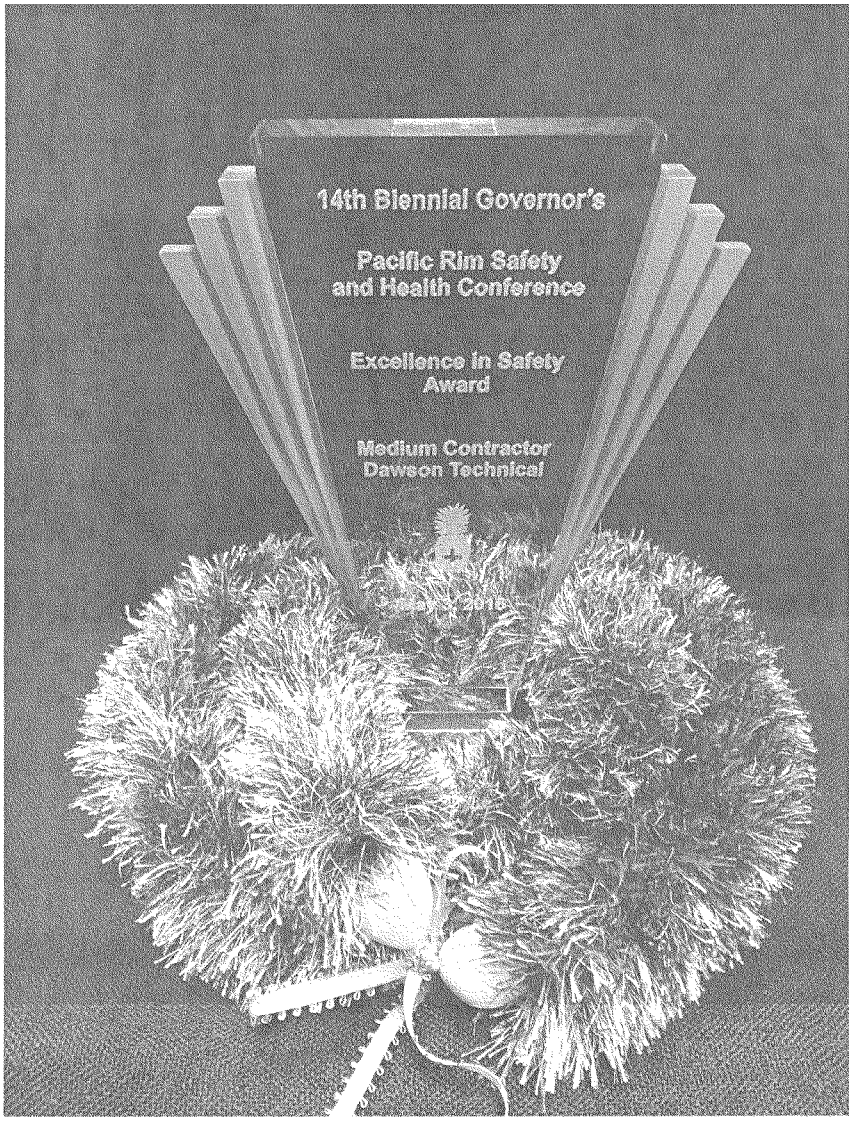
"DAWSON has been essential team member in support of the NAVAIR 4.5X PGSS Program. They have demonstrated continuous seamless support and meeting all requirements of the contract to USACE and NAVAIR. Dawson has developed a team of trusted partners and vendors to enhance their ability to meet the program requirements." – Angela Lau, Naval Air Warfare Center, November 2014

"Due to [DAWSON's] successful performance on the first contract, they were awarded a follow-on two-year task order based contract to continue to support the NAVAIR PGSS program and transition to the PD Aerostat program. I would fully recommend Dawson Federal, Inc., and their team with any ISR related work now and in the future." – Chyau Shen, Naval Air Warfare Center, November 2014

"Given what I know today about the contractor's ability to perform in accordance with this [Dry Canyon RI/FS] contract or order's most significant requirements, I would recommend them for similar requirements in the future." — *Mr. Thad Fukushige, USACE Los Angeles, Interim CPAR evaluation, 12/21/15*

"This project [Bird's Point] required a rapid response. The contractor [DAWSON] was flexible and on site as soon as required. The contractor [DAWSON] provided an innovative approach to this very unique situation. Overall the contractor [DAWSON] provided very good services to the government." – *Mr. Ralph Campbell, PE, Chief, Military Munitions Design Center, Acting, USAESCH*


DAWSON
EXHIBITOR
EXHIBITOR


14th Biennial Governor's
Pacific Rim Safety
and Health Conference
Excellence in Safety
Award
Medium Contractor
Dawson Technical

DAWSON

recognized by **CIOReview** *magazine as*

10 MOST PROMISING
HOMELAND
SECURITY
SOLUTION PROVIDERS - 2018

An annual listing of 10 companies that are at the forefront of providing homeland security solution and impacting the marketplace

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

3 December 2018

Jeffrey H. Stanley
Deputy Assistant Secretary (Science, Technology & Engineering)
Assistant Secretary of the Air Force (Acquisition, Technology, & Logistics)
1060 Air Force Pentagon
Washington DC 20330-1060

Rapid Damage Assessment Team
Air Force Installation and Mission Support Center
2261 Hughes Ave, Suite 155
JBSA-Lackland TX 78236-9853

Dear Rapid Damage Assessment Team

Congratulations on your selection as the winner for the Air Force 2018 Science, Technology, Engineering and Mathematics Award in the Exploratory or Advanced Technology Development Team category. Your team efforts to rapidly develop technology to perform airfield damage assessments for our Major Commands speak highly of the significant contributions your team has made to the Air Force and to our nation as a whole.

I extend to you my sincere congratulations and thank you for your outstanding efforts!

Sincerely

JEFFREY H. STANLEY, SES, DAF
Deputy Assistant Secretary (Science,
Technology and Engineering)
Assistant Secretary of the Air Force
(Acquisition, Technology, & Logistics)

Print Close

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

CONTRACTOR PERFORMANCE ASSESSMENT REPORT (CPAR)

Nonsystems

Name/Address of Contractor:

Company Name: ADVANCED C4 SOLUTIONS, INC.

Division Name:

Street Address: 4017 WEST MARTIN LUTHER KING JR BLVD

City: TAMPA

State/Province: FL Zip Code: 336147003

Country: USA

CAGE Code:

DUNS Number: 118498067

PSC: M1AZ NAICS Code: 561210

Evaluation Type: Interim

Contract Percent Complete:

Period of Performance Being Assessed: 09/30/2016 - 09/29/2017

Contract Number: SAQMMA13D0042 SAQMMA16F3956 **Business Sector & Sub-Sector:** Nonsystems - Prof/Tech/Mng Support

Contracting Office: ACQUISITIONS - AQMMA **Contracting Officer:** RICHARD CRUM **Phone Number:** 703-875-6288

Location of Work:

Award Date: 07/19/2016 **Effective Date:** 09/30/2016

Completion Date: 08/18/2021 **Estimated/Actual Completion Date:** 08/18/2019

Total Dollar Value: $2,198,083 **Current Contract Dollar Value:** $1,360,000

Complexity: Medium **Termination Type:** None

Competition Type: Not Available for Competition **Contract Type:** Time and Materials

Key Subcontractors and Effort Performed:

DUNS:

Effort:

DUNS:

Effort:

DUNS:

Effort:

Project Number:

Project Title:

The purpose of this requirement is to obtain the necessary contract support to identify elements to establish, maintain and assist with the Department of State initiatives that support USG policy goals. Contractor support is needed to support the Near Eastern Affairs Assistance Coordination (NEA/AC) Office in Washington, D.C. and the Syria Transition Assistance Response Team (START) in the field.

Contract Effort Description:

Serves as contact and liaison with NEA/AC grant recipients in country, in coordination with NEA/AC, to ensure proper implementation, monitoring, and coordination occurs. Performs site visits and monitors grantees' progress against established benchmarks, recommending adjustments to NEA/AC's relevant staff, as necessary. Identifies opportunities for continued NEA/AC outreach to Syrian activists and recommends possible meetings to NEA/AC.
Collaborates with NEA/AC's lead representative in Turkey to provide information and
analysis that informs and supports NEA/AC strategic planning and program orientation related
to Syria. Coordinates and collaborates with other U.S. Government and international donors

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

providing funding for Syria-related efforts. Performs knowledge management functions including mapping, cataloging, and updating information. Collects and organizes data relevant to NEA/AC programming in Syria. Maintains communication with relevant Department offices, in coordination at the request of NEA/AC, to ensure that policy decisions are accurately reflected in programming and to maximize mutual reinforcement between diplomacy and programming. Organizes and implements exchanges and builds/maintains an alumni network. Exchanges include the International Visitor Leadership Program (IVLP), IVLP On Demand, SUSI, Fulbright, and other State Department programs that advance START goals.
Contractor identifies appropriate individuals at all levels to participate in START?s academic and professional exchanges and encourages START members to do the same. Coordinates all elements of an exchange life cycle, including the call for nominations, entering data into the Exchange Visitor Data Base (EVDB) system, preparing nomination files, coordinating with Washington on approved participants and program schedules; ensuring that grantees? documents and visas are ready for travel, making all travel arrangements, preparing and maintaining fixed obligation grants (FOGs) to cover travel expenses, and briefing participants prior to and after their program, sending relevant feedback to Washington. Develops contacts with Syrian NGOs and contacts inside Syria and within Turkey, and utilizes those contacts to set up relevant meetings for START staff in Istanbul.
Provides logistical help for START officers and USG visitors in coordination with START administrative staff at Consulate Adana and in Istanbul. Supports START staff with VIP visitor support as needed. Available weekends and after hours (compensated and on an on-call basis) to support Syria-related USG visits and urgent travel requests.
Must have a flexible schedule and be willing to provide after-hours/short-notice support to Syria-related USG visiting delegations. Provides informal Arabic/English interpretation for START officers for START-officiated meetings.

Small Business Subcontracting:

Does this contract include a subcontracting plan? No

Date of last Individual Subcontracting Report (ISR) / Summary Subcontracting Report (SSR): N/A

Evaluation Areas	Past Rating	Rating
Quality:	N/A	Exceptional
Schedule:	N/A	Exceptional
Cost Control:	N/A	Exceptional
Management:	N/A	Exceptional
Small Business Subcontracting:	N/A	N/A
Regulatory Compliance:	N/A	Exceptional
Other Areas:		
(1) :		N/A
(2) :		N/A
(3) :		N/A

Variance (Contract to Date):

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

Current Cost Variance (%): Variance at Completion (%):

Current Schedule Variance (%):

Assessing Official Comments:

QUALITY: QUALITY: The contractor supplied reporting and data that were consistently accurate,
acceptable and met the requirements set forth by the client office. Requests for changes, corrections, and additions to written reports were addressed quickly and efficiently.

There was a moderate degree of government direction that was required to solve problems that arose through the performance of this contract. Limited direction and support was required for minor invoicing issues and a heavy degree of support and direction was required to assist the company with options to maintain their employees when AC4S lost their business licenses (through no fault of their own) in the country of performance.

SCHEDULE: SCHEDULE: The performance schedule on this contract is rated in two factors. The
first is the performance and reporting of the contractor employees working in direct coordination with both our DC grants and program teams as well as our field
based program teams and GORs. This performance and reporting was consistent, effective, and accurate. The second factor is the timeliness of the communication
efforts of the contractor with the Government. During routine periods, communication and timeliness was adequate with delays exclusively experienced during times of major transition on the contract.

COST CONTROL: COST CONTROL: Due to the unique obstacles of working in Turkey on Middle East issues and accounting for political sensitivities and numerous security issues,
costs consistently rose to or beyond the planned value of each option year. AC4S's
ability as the prime to operate within multiple countries under the correct and legal license and permit requirements is cost prohibitive for a small footprint. The majority of factors involved in the rise in costs were for factors that were not a direct result of actions or lack thereof on the part of AC4S.

MANAGEMENT: MANAGEMENT: The contractor exhibited customer oriented performance. Their communication efforts were professional with some minor improvements needed in timeliness, particularly when requesting travel and other employee movement decisions.

The contractors overall billing was generally accurate and acceptable. For any rejected invoices, changes were addressed and made quickly for timely resubmission.

REGULATORY COMPLIANCE: all statutes were followed

ADDITIONAL/OTHER: Due to the critical nature of programmatic operations in the Middle East and AC4S's ability to maintain Visas, license, and work permits in the necessary countries of performance it would be difficult
to consider awarding type of award with another company footprint in countries that they do not have long standing legal status
in that already complies with local labor law requirements and the ability to hire third country nationals directly and quickly without the use of subcontractors and payroll companies.

RECOMMENDATION:

Given what I know today about the contractor's ability to perform in accordance with this contract or order's most significant requirements, I would recommend them for similar requirements in the future.

Name and Title of Assessing Official:

Name: RICHARD CRUM

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

Title: Contracting Officer
Organization: Department of State, World Wide Div.
Phone Number: 202-506-0439 Email Address: crumrb@state.gov
Date: 07/16/2019

Contractor Comments:

ADDITIONAL/OTHER: AC4S concurs with this evaluation

CONCURRENCE: I concur with this evaluation.

Name and Title of Contractor Representative:

Name: Christine Furio
Title: Manager, Contracts
Phone Number: 813-983-7456 Email Address: christine.furio@ac4s.com
Date: 07/16/2019

Review by Reviewing Official:

Review by Reviewing Official not required.

Name and Title of Reviewing Official:

Name:
Title:
Organization:
Phone Number: Email Address:
Date:

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

CONTRACTOR PERFORMANCE ASSESSMENT REPORT (CPAR)

INCOMPLETE-RATED **Nonsystems**

Name/Address of Contractor:

Company Name: ADVANCED C4 SOLUTIONS, INC.

Division Name:

Street Address: 4017 WEST MARTIN LUTHER KING JR BLVD

City: TAMPA

State/Province: FL Zip Code: 336140000

Country: USA

CAGE Code:

DUNS Number: 118498067

PSC: 7042 NAICS Code: 541512

Evaluation Type: Interim

Contract Percent Complete: 37

Period of Performance Being Assessed: 09/06/2016 - 08/03/2018

Contract Number: GS06F0841Z SAQMMA16F3913 **Business Sector & Sub-Sector:** Nonsystems - Hardware

Contracting Office: ACQUISITIONS - AQMMA **Contracting Officer:** STEPHEN CHING **Phone Number:** (703) 875 4566

Location of Work:

Award Date: 09/06/2016 **Effective Date:** 09/06/2016

Completion Date: 09/05/2019 **Estimated/Actual Completion Date:** 09/05/2019

Total Dollar Value: $489,818 **Current Contract Dollar Value:** $247,525

Complexity: **Termination Type:** None

Competition Type: Full and Open Competition after Exclusion of Sources **Contract Type:** Time and Materials

Key Subcontractors and Effort Performed:

DUNS:

Effort:

DUNS:

Effort:

DUNS:

Effort:

Project Number: SAQMMA16F3913

Project Title:

MEDICAL COMMUNICATIONS PLATFORM (MCP)

Contract Effort Description:

This Task Order satisfies the Department of State ("DOS", "the Department", "State") requirement for a stable, reliable, resilient, and redundant communications capability on which to operate its Medical Communications Package in support of security, protection, and crisis response operations. This task order consists of project management, system integration, on-site training, on-site operations and maintenance along with remote communications systems and bandwidth. Under the direction of the Managing Director for Operational Medicine (MED/DMD/OM), the Office of Protective Medicine (MED/DMD/OM/PM) is responsible for the development and execution of medical support to security, protective, and crisis response operations. To that end, MED/DMD/OM/PM: (1) develops and directs medical support and medical training programs for the Department including medical planning and personnel support to Protective details, crisis response, and re-entry operations; (2) develops and executes comprehensive medical support to

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

travel by Executives, Ambassadors and other designated officials; (3) provides supplemental medical support to high threat posts at the direction of the Managing Director for Operational Medicine; and (4) develops and directs medical support for Foreign Emergency Support Team deployments. Establishing interoperable communications that facilitate interagency coordination is essential to a coordinated whole-of-government support plans. The 2014 National Emergency Communications Plan (NECP) states a core goal of federal government is to "Ensure operational effectiveness through the coordination of communications, capabilities, resources, and personnel from across the whole of community." This action was mandated by Congress following the September 11, 2001 terrorist attack on the United States. In order to provide advanced medical care in our most high risk and austere locations, the Directorate of Operational Medicine requires a contractual relationship with a CONUS medical center using a commercial biotelemetry interface to link medical subspecialists with deployed operational medicine providers. This biotelemetry capability requires a dedicated and stable internet platform on which to operate.

Small Business Subcontracting:

Does this contract include a subcontracting plan? No

Date of last Individual Subcontracting Report (ISR) / Summary Subcontracting Report (SSR): N/A

Evaluation Areas	Past Rating	Rating
Quality:	N/A	Satisfactory
Schedule:	N/A	Satisfactory
Cost Control:	N/A	Satisfactory
Management:	N/A	Very Good
Small Business Subcontracting:	N/A	N/A
Regulatory Compliance:	N/A	Satisfactory
Other Areas:		
(1) :		N/A
(2) :		N/A
(3) :		N/A

Variance (Contract to Date):

Current Cost Variance (%): 0 Variance at Completion (%): 0

Current Schedule Variance (%): 0

Assessing Official Comments:

QUALITY: Advanced C4 Solutions Inc. continues to deliver high quality solutions to unique and challenging communications problems with this Program Office. Their technical support has been responsive and they work diligently to meet the customer's expectations.

SCHEDULE: The vendor met all contract timelines and supported the Program Office through the initial introduction of new technology into a highly austere deployed environment.

COST CONTROL: The contracting officer's representative has nothing to evaluate for this factor. The contracting officer's representative has no basis to find that the vendor's performance was anything other than satisfactory. This was a firm fixed price contract. No requests for equitable adjustment and renegotiation of prices were requested or entertained.

MANAGEMENT: At the senior management level, AC4S proves to be very customer and mission

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

focused. The vendor continues to be a solid partner and consistently helpful in refining the communications needs of the Program Office. The senior management is responsive to requests for information and in resolving product issues.

SMALL BUSINESS SUBCONTRACTING: N/A

REGULATORY COMPLIANCE: The contracting officer's representative has nothing to evaluate for this factor.

ADDITIONAL/OTHER: Given what I know today about the contractor's ability to perform in accordance with this contract or order's most significant requirements, I WOULD recommend them for similar requirements in the future.

Agrees with all ratings provided during this rating period.

RECOMMENDATION:

Given what I know today about the contractor's ability to perform in accordance with this contract or order's most significant requirements, I would recommend them for similar requirements in the future.

Name and Title of Assessing Official:

Name: Tracy ford

Title:

Organization: Department of State

Phone Number: Email Address:

Date: 04/05/2019

Contractor Comments:

Name and Title of Contractor Representative:

Name:

Title:

Phone Number: Email Address:

Date:

Review by Reviewing Official:

Name and Title of Reviewing Official:

Name:

Title:

Organization:

Phone Number: Email Address:

Date:

FOR OFFICIAL USE ONLY

United States Department of State

Washington, D.C. 20520

May 30, 2019

SUBJECT: SAQMMA13D0021 SAQMMA14F1438 SAQMMA15F0011 CPARS

To whom it may concern:

The CPARS review for the performance period of September 25, 2014 – January 12, 2015 of SAQMMA14F1438 was in actuality meant for task order SAQMMA15F0011, under the same IDIQ with Advanced C4 Solutions, Inc (DUNS 118498067). The content found under the "Assessing Official Comments" is in reference to SAQMMA15F0011, which was for facility operations and maintenance of the Diplomatic Transit Facility Sanaa. The corrected administrative data is identified below.

IDIQ Number: SAQMMA13D0021
Task Order Number: SAQMMA15F0011
CPARS Period of Performance: 11/16/2014 - 11/15/2015
Dollar Value: $18,595,647.21

This letter is provided simply to alleviate any confusion.

Christina Black
Contracting Officer
A/OPE/AQM

THIS EVALUATION has been modified by the Contracting Officer (CO) to incorporate the contractor's comments provided in the Original CPARS signed by the CO on 12/8/2015. The contract data, to include NAICS, period, number and value were entered incorrectly by the USG. This modified evaluation corrects the contact data.

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

CONTRACTOR PERFORMANCE ASSESSMENT REPORT (CPAR)

(MODIFIED EVALUATION) ~~Architect-Engineer~~ Facilities Support Services

Name/Address of Contractor:

Company Name: ADVANCED C4 SOLUTIONS, INC.

Division Name:

Street Address: 4017 WEST MARTIN LUTHER KING JR BLVD

City: TAMPA

State/Province: FL Zip Code: 336147003

Country: USA

CAGE Code:

DUNS Number: 118498067

PSC: C220 NAICS Code: ~~541611~~ 561210

Evaluation Type: Final

Contract Percent Complete:

Period of Performance Being Assessed: ~~09/25/2014 - 01/12/2015~~ 11/16/2014 - 11/15/2015

Contract Number: SAQMMA13D0021 ~~SAQMMA14F1438~~ **Business Sector & Sub-Sector:** ~~Architect-Engineer~~ SAQMMA15F0011 Facilities Support Services

Contracting Office: AQMMA **Contracting Officer:** JOHN STEVER **Phone Number:** 703-875-6845

Location of Work:

Sanaa, Yemen

Award Date: ~~09/25/2014~~ 11/16/2014 **Effective Date:** ~~09/25/2014~~ 11/16/2014

Completion Date: 09/30/2015 **Estimated/Actual Completion Date:** ~~01/12/2015~~ 11/15/2015

Total Dollar Value: ~~$5,329,611~~ **Current Contract Dollar Value:** ~~$5,329,611~~ $18,595,647.21

Complexity: High **Termination Type:** None

Competition Type: Full and Open Competition after Exclusion of Sources **Contract Type:** Firm Fixed Price

Key Subcontractors and Effort Performed:

DUNS:

Effort:

DUNS:

Effort:

DUNS:

Effort:

Project Number:

Project Title:

Maintenance and Operations of DTFS Sanaa.

Contract Effort Description:

Provide overall operations and maintenance for the DOS facility.

Small Business Subcontracting:

Does this contract include a subcontracting plan? No

Date of last Individual Subcontracting Report (ISR) / Summary Subcontracting Report (SSR): N/A

Evaluation Areas	Past Rating	Rating
Quality:	N/A	Exceptional
Schedule:	N/A	Exceptional
Cost Control:	N/A	Exceptional

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

Management:	N/A	Exceptional
Small Business Subcontracting:	N/A	N/A
Regulatory Compliance:	N/A	N/A
Other Areas:		
(1) KEY PERSONNEL:		Exceptional
(2) COMMENTS FROM THE COR:		N/A
(3) :		N/A

Variance (Contract to Date):

Current Cost Variance (%): Variance at Completion (%):

Current Schedule Variance (%):

Assessing Official Comments:

QUALITY: AC4S exceled in all areas of the contract requirements and their actions reflect positively on themselves, their subcontractors, and the United States Government. For example, their weekly report showed the status of fuel for generators, along with tables to show daily and weekly average fuel usage so the COR could track information and verify results using past performance data, as well as, on-site inspections. This allowed for multiple personnel to verify the data and assured the USG of proper use and fraud prevention. Water contamination testing was performed weekly with extensive results kept on file and available upon demand from the COR. Technical data for elevator maintenance was also reported weekly, with results tallied and preventative measures being tracked since contract inception. Food safety training was mandatory for all personnel working on the contract, and, coupled with inspections, improved both food quality and incidents of food-based illness dramatically just weeks into the program. All of these measures were setup by the contractor independently, with little if any input from the COR. The programs were a vital part of the positive performance by the contractor, and can be expected on all future projects as a standard of service.
In addition, parts rooms, storage areas, office storage, room inventories, mechanical and technical equipment, and IT equipment were all stringently tracked and reported to the COR on monthly intervals. The reports were produced in a way that allowed for complete and fast reconciliation of information, and random inspections were accepted with pleasure by the staff. Staff input during inspections was hardly necessary due to the quality of the information being produced in an organized and sensible manner. This saved time, effort, and allowed for execution of mandatory inspections in a very small timeframe; a must for a busy and high-threat environment.

SCHEDULE: AC4S completed all deliverables not on time, but ahead of schedule in every instance. The timeliness of their performance can be partially attributed to AC4S's superior communication between staff, management, post, COR, and AQM. The other attribute is the highly organized and effective flow of AC4S's workflows. From initial preparation and bidding, continuing through execution and finishing with detailed reporting, AC4S establishes a work environment that covers every aspect of a complicated and dynamic Scope of Work.
Requests for proposals, required reporting, upkeep of records, deliverables of service, inspections, inventories, invoicing, weekly and monthly summation reports, and close-out details were all reported to the COR on-time or early throughout the duration of the task order. All of this despite unique, challenging, dangerous and difficult operating conditions that severely limited input and oversight by the USG. The contractor virtually self-managed the project for the final eight months of the rating period and still maintained top-notch timing with all expected tasks.

COST CONTROL: Costs incurred by the USG were always below estimated values and can be directly attributed to the innovative steps taken by AC4S to reduce costs. Some of the measures taken were actions that negatively impacted the contractor's own comfort and ability to perform, and resulted in dollars saved while still maintaining excellent levels of service.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3 104, AND 42.1503

For example, when the USG evacuated the facility, AC4S reduced the run hours on the generators, shutdown most of the chiller units except those necessary to maintain USG and IT property, reduced water usage, and adapted to the new environment despite the discomfort to their staff. This resulted in hundreds of thousands of dollars in direct fuel and maintenance savings to the USG, all due to the initiative executed by AC4S.

In another example, internet availability disappeared due to the local conflict. AC4S negotiated with the service provider for a "no billing period" until services were restored despite a contract for service being established. This further reduced the cost to the USG by $75,000.00 annually.

Another example is the grouping of employees together for the return of staff to the facility. By traveling in groups, one staff member can handle the travel arrangements for all of the staff and reduce the transit time by several days. This saved thousands of dollars in per diem and expense charges to the USG.

AC4S maintains top service standards with an equitable price that makes sense. Cost savings are always a top priority and it shows in their proposals to the USG. Every proposal that was requested by the USG was answered with multiple and carefully tiered pricing that allowed the COR to suggest and the CO to choose the exact level of service necessary for minimum effort and maximum gain by the USG.

MANAGEMENT: AC4S exceeds the expectation of the customer in all areas of the contract. From the needs of the COR and AQM to process information, to the individual requests of over 200 guests, and finally the careful training and nurturing of their staff, they created a work and living environment that can only be described as an oasis in an otherwise harsh environment.

Reducing the stress of USG employees was an unwritten need of the USG; the underlying motivator for the facility. Not only did AC4S accomplish this most important need, they also kept the stress away from their subcontractors and staff too. They took suggestions from guests, incorporated ideas and adjusted their practices, and delivered outstanding results for a complicated and diverse audience.

Interactions during the first few months of the rating period were plagued by limited communication, and unrealistic expectations by the USG. AC4S continued to work with the COR, and suggested ideas for improvement. As a result, the second quarter of the contract saw massive improvements in both service and the relationship between the USG and contractor blossomed into an open and communicative partnership capable of dealing with high stress and the ever changing environment.

It must be noted in this section that AC4S, in accordance with the needs of the USG and the threat environment that prevented direct oversight by the USG, acted above and beyond our expectations in both performance and communication with the COR. Since no direct supervision was possible, AC4S adapted their daily routine to include extra communication, pictures of actual occurrences from the location, interaction with 3rd party individuals under great pressure to perform, and still stayed within the scope of their contract. If not for their innovative and advanced planning, the USG would have been in a very bad situation with regard to the upkeep and servicing of millions of dollars in USG property and real estate. (See also, Section 18G, miscellaneous evaluation)

OTHER AREAS: AC4S recruits and retains very skilled and dedicated employees. Their position descriptions are very detailed and match the scope of the contract very well. In all high-threat environments, there are issues with stress, personality conflicts, and fear that all managers must deal with. AC4S has a deep and lengthy understanding of operations in these areas, and they build their program to absorb and deflect these issues through training, two-way communication, and accountability of duties.

The numbers of personnel required to maintain the scope of work are also impressive with this contractor. Each position overlaps just enough for back-up coverage and the allotment of staff keeps costs down for the USG. As stated above, AC4S is very impressive on their knowledge of running service contracts overseas and in high-threat areas.

As the COR for this contract, and the rater of the contractor, I want to stress the importance of the evaluation process. Past evaluations do not accurately reflect the capabilities and customer service level of AC4S. I am a determined and direct evaluator. If improvements are necessary, I will not hesitate to point them out, and consider false evaluations a detriment to the Department. The "Excellent" evaluation in every category that I have submitted was 100 percent earned by AC4S as I hope this evaluation proves. AC4S is a top performer for the USG and should be given full consideration of future contracts.

It must be understood by all that read this evaluation the extremely difficult operating conditions at the facility in Sana'a. The US Embassy had been fully evacuated in February, 2015. Shortly thereafter, a civil war broke between warring factions and the legitimate government, where the government of Yemen was forced to leave the country and exile in Saudi Arabia. The lack of a local government, the trials and tribulations of a war-like environment, and the lack of American presence at the facility combined to make one of the toughest working environments imaginable.

Fuel, water, food, electricity and vendors quickly became in short supply. In addition, the staffing of the contractor was severely restricted for safety and precautionary measures. Almost all of the administrative portions of the contract had to be handled from the US, leaving only one manager on-site at the facility to run a crew of 124 personnel. This required a massive shift in the operating plans of AC4S, and to their credit, they laid out a plan for the USG that not only kept them in compliance with the SOW, but adhered to all revised safety policies handed down from the Department of State. Couple that with cost savings realized by the contractor and passed on to the USG, and you had a performance level that can only

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

be described as remarkable!
In addition, the USG shifted the focus of the customer base to include the occupancy of the facility by personnel from the United Nations. In the middle of the shuffle, the USG signed a Memorandum of Understanding (MOU) with the UN, and required AC4S to yet again shift their operating strategies to incorporate new requests despite the local conditions. Again, AC4S was very impressive in their tactics and communication with the USG. They never conducted direct negotiations with the UN, despite heavy pressure from UN employees residing at the facility. Instead, they increased their customer service to include their communication level with the COR and other offices working with the UN through the negotiation period. This was the perfect response in an otherwise tough position.

ADDITIONAL/OTHER: The Contracting Officer concurs with the CORs findings. Contractor exceeds expectations.

RECOMMENDATION:

Given what I know today about the contractor's ability to perform in accordance with this contract or order's most significant requirements, I would recommend them for similar requirements in the future.

Name and Title of Assessing Official:

Name: CHRISTINA BLACK

Title: Contracting Officer

Organization: A/LM/AQM

Phone Number: 703-516-1778 Email Address: blackce@state.gov

Date: 04/24/2019

Contractor Comments:

This evaluation has been modified, please see the original evaluation to view the contractor comments.

Name and Title of Contractor Representative:

Name:

Title:

Phone Number: Email Address:

Date:

Review by Reviewing Official:

I concur

Name and Title of Reviewing Official:

Name: JOHN STEVER

Title: Contract Division Director

Organization: Department of State

Phone Number: 703-875-6845 Email Address: steverjj@state.gov

Date: 04/26/2019

FOR OFFICIAL USE ONLY

Original CPARS submission; prior to contract data corrections

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

CONTRACTOR PERFORMANCE ASSESSMENT REPORT (CPAR)

INCOMPLETE-REVIEWED **Architect-Engineer**

Name/Address of Contractor:
Company Name: ADVANCED C4 SOLUTIONS, INC.
Division Name:
Street Address: 4017 WEST MARTIN LUTHER KING JR BLVD
City: TAMPA
State/Province: FL Zip Code: 336147003
Country: USA
CAGE Code:
DUNS Number: 118498067
PSC: C220 NAICS Code: 541611
Evaluation Type: Interim
Contract Percent Complete:
Period of Performance Being Assessed: 09/25/2014 - 01/12/2015
Contract Number: SAQMMA13D0021 SAQMMA14F1438 **Business Sector & Sub-Sector:** Architect-Engineer
Contracting Office: AQMMA **Contracting Officer:** JOHN STEVER **Phone Number:** 703-875-6845
Location of Work:
Sanaa, Yemen
Award Date: 09/26/2014 **Effective Date:** 09/25/2014
Completion Date: 09/30/2015 **Estimated/Actual Completion Date:**
Total Dollar Value: $5,329,611 **Current Contract Dollar Value:** $5,329,611
Complexity: High **Termination Type:** None
Competition Type: Full and Open Competition after Exclusion of Sources **Contract Type:** Firm Fixed Price
Key Subcontractors and Effort Performed:
DUNS:
Effort:
DUNS:
Effort:
DUNS:
Effort:
Project Number:
Project Title:
Maintenance and Operations of DTFS Sanaa.
Contract Effort Description:
Provide overall operations and maintenance for the DOS facility.
Small Business Utilization:
Does this contract include a subcontracting plan? No
Date of last Individual Subcontracting Report (ISR) / Summary Subcontracting Report (SSR): N/A

Evaluation Areas	Past Rating	Rating
Quality:	N/A	Exceptional
Schedule:	N/A	Exceptional
Cost Control:	N/A	Exceptional

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

Management:	N/A	Exceptional
Utilization of Small Business:	N/A	N/A
Regulatory Compliance:	N/A	N/A
Other Areas:		
(1) KEY PERSONNEL:		Exceptional
(2) COMMENTS FROM THE COR:		N/A
(3) :		N/A

Variance (Contract to Date):

Current Cost Variance (%): Variance at Completion (%):

Current Schedule Variance (%):

Assessing Official Comments:

QUALITY: AC4S exceled in all areas of the contract requirements and their actions reflect positively on themselves, their subcontractors, and the United States Government. For example, their weekly report showed the status of fuel for generators, along with tables to show daily and weekly average fuel usage so the COR could track information and verify results using past performance data, as well as, on-site inspections. This allowed for multiple personnel to verify the data and assured the USG of proper use and fraud prevention. Water contamination testing was performed weekly with extensive results kept on file and available upon demand from the COR. Technical data for elevator maintenance was also reported weekly, with results tallied and preventative measures being tracked since contract inception. Food safety training was mandatory for all personnel working on the contract, and, coupled with inspections, improved both food quality and incidents of food-based illness dramatically just weeks into the program. All of these measures were setup by the contractor independently, with little if any input from the COR. The programs were a vital part of the positive performance by the contractor, and can be expected on all future projects as a standard of service.
In addition, parts rooms, storage areas, office storage, room inventories, mechanical and technical equipment, and IT equipment were all stringently tracked and reported to the COR on monthly intervals. The reports were produced in a way that allowed for complete and fast reconciliation of information, and random inspections were accepted with pleasure by the staff. Staff input during inspections was hardly necessary due to the quality of the information being produced in an organized and sensible manner. This saved time, effort, and allowed for execution of mandatory inspections in a very small timeframe; a must for a busy and high-threat environment.

SCHEDULE: AC4S completed all deliverables not on time, but ahead of schedule in every instance. The timeliness of their performance can be partially attributed to AC4S's superior communication between staff, management, post, COR, and AQM. The other attribute is the highly organized and effective flow of AC4S's workflows. From initial preparation and bidding, continuing through execution and finishing with detailed reporting, AC4S establishes a work environment that covers every aspect of a complicated and dynamic Scope of Work.
Requests for proposals, required reporting, upkeep of records, deliverables of service, inspections, inventories, invoicing, weekly and monthly summation reports, and close-out details were all reported to the COR on-time or early throughout the duration of the task order. All of this despite unique, challenging, dangerous and difficult operating conditions that severely limited input and oversight by the USG. The contractor virtually self-managed the project for the final eight months of the rating period and still maintained top-notch timing with all expected tasks.

COST CONTROL: Costs incurred by the USG were always below estimated values and can be directly attributed to the innovative steps taken by AC4S to reduce costs. Some of the measures taken were actions that negatively impacted the contractor's own comfort and ability to perform, and resulted in dollars saved while still maintaining excellent levels of service.
For example, when the USG evacuated the facility, AC4S reduced the run hours on the generators, shutdown most of the chiller units except those necessary to maintain USG and IT property, reduced water usage, and adapted to the new environment despite the discomfort to their staff. This resulted in hundreds of thousands of dollars in direct fuel and maintenance savings to the USG, all due to the initiative executed by AC4S.
In another example, internet availability disappeared due to the local conflict. AC4S negotiated with the service provider for a "no billing period" until services were restored despite a contract for service being established. This further reduced the cost to the USG by $75,000.00 annually.
Another example is the grouping of employees together for the return of staff to the facility. By traveling in groups, one staff member can handle the travel arrangements for all of the staff and reduce the transit time by several days. This saved thousands of dollars in per diem and expense charges to the USG.
AC4S maintains top service standards with an equitable price that makes sense. Cost savings are always a top priority

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503
and it shows in their proposals to the USG. Every proposal that was requested by the USG was answered with multiple and carefully tiered pricing that allowed the COR to suggest and the CO to choose the exact level of service necessary for minimum effort and maximum gain by the USG.

MANAGEMENT: AC4S exceeds the expectation of the customer in all areas of the contract. From the needs of the COR and AQM to process information, to the individual requests of over 200 guests, and finally the careful training and nurturing of their staff, they created a work and living environment that can only be described as an oasis in an otherwise harsh environment.
Reducing the stress of USG employees was an unwritten need of the USG; the underlying motivator for the facility. Not only did AC4S accomplish this most important need, they also kept the stress away from their subcontractors and staff too. They took suggestions from guests, incorporated ideas and adjusted their practices, and delivered outstanding results for a complicated and diverse audience.
Interactions during the first few months of the rating period were plagued by limited communication, and unrealistic expectations by the USG. AC4S continued to work with the COR, and suggested ideas for improvement. As a result, the second quarter of the contract saw massive improvements in both service and the relationship between the USG and contractor blossomed into an open and communicative partnership capable of dealing with high stress and the ever changing environment.
It must be noted in this section that AC4S, in accordance with the needs of the USG and the threat environment that prevented direct oversight by the USG, acted above and beyond our expectations in both performance and communication with the COR. Since no direct supervision was possible, AC4S adapted their daily routine to include extra communication, pictures of actual occurrences from the location, interaction with 3rd party individuals under great pressure to perform, and still stayed within the scope of their contract. If not for their innovative and advanced planning, the USG would have been in a very bad situation with regard to the upkeep and servicing of millions of dollars in USG property and real estate. (See also, Section 18G, miscellaneous evaluation)

OTHER AREAS: AC4S recruits and retains very skilled and dedicated employees. Their position descriptions are very detailed and match the scope of the contract very well. In all high-threat environments, there are issues with stress, personality conflicts, and fear that all managers must deal with. AC4S has a deep and lengthy understanding of operations in these areas, and they build their program to absorb and deflect these issues through training, two-way communication, and accountability of duties.
The numbers of personnel required to maintain the scope of work are also impressive with this contractor. Each position overlaps just enough for back-up coverage and the allotment of staff keeps costs down for the USG. As stated above, AC4S is very impressive on their knowledge of running service contracts overseas and in high-threat areas.

As the COR for this contract, and the rater of the contractor, I want to stress the importance of the evaluation process. Past evaluations do not accurately reflect the capabilities and customer service level of AC4S. I am a determined and direct evaluator. If improvements are necessary, I will not hesitate to point them out, and consider false evaluations a detriment to the Department. The "Excellent" evaluation in every category that I have submitted was 100 percent earned by AC4S as I hope this evaluation proves. AC4S is a top performer for the USG and should be given full consideration of future contracts.
It must be understood by all that read this evaluation the extremely difficult operating conditions at the facility in Sana'a. The US Embassy had been fully evacuated in February, 2015. Shortly thereafter, a civil war broke between warring factions and the legitimate government, where the government of Yemen was forced to leave the country and exile in Saudi Arabia. The lack of a local government, the trials and tribulations of a war-like environment, and the lack of American presence at the facility combined to make one of the toughest working environments imaginable.
Fuel, water, food, electricity and vendors quickly became in short supply. In addition, the staffing of the contractor was severely restricted for safety and precautionary measures. Almost all of the administrative portions of the contract had to be handled from the US, leaving only one manager on-site at the facility to run a crew of 124 personnel. This required a massive shift in the operating plans of AC4S, and to their credit, they laid out a plan for the USG that not only kept them in compliance with the SOW, but adhered to all revised safety policies handed down from the Department of State. Couple that with cost savings realized by the contractor and passed on to the USG, and you had a performance level that can only be described as remarkable!
In addition, the USG shifted the focus of the customer base to include the occupancy of the facility by personnel from the United Nations. In the middle of the shuffle, the USG signed a Memorandum of Understanding (MOU) with the UN, and required AC4S to yet again shift their operating strategies to incorporate new requests despite the local conditions. Again, AC4S was very impressive in their tactics and communication with the USG. They never conducted direct negotiations with the UN, despite heavy pressure from UN employees residing at the facility. Instead, they increased their customer service to include their communication level with the COR and other offices working with the UN through the negotiation period. This was the perfect response in an otherwise tough position.

ADDITIONAL/OTHER: The Contracting Officer concurs with the CORs findings. Contractor exceeds expectations.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503
RECOMMENDATION:

Given what I know today about the contractor's ability to perform in accordance with this contract or order's most significant requirements, I would recommend them for similar requirements in the future.

Name and Title of Assessing Official:

Name: CHRISTINA BLACK

Title: Contracting Officer

Organization: A/LM/AQM

Phone Number: 703-516-1778 Email Address: blackce@state.gov

Date: 12/08/2015

Contractor Comments:

QUALITY: Please be aware that the comments listed are for the Operations and Maintenance of the Facility, which is Task Order SAQMMA-15-F-0011, which had final contract value of $18,595,647.21 and PoP 11/16/2014-11/15/2015

SCHEDULE: Please be aware that the comments listed are for the Operations and Maintenance of the Facility, which is Task Order SAQMMA-15-F-0011, which had final contract value of $18,595,647.21 and PoP 11/16/2014-11/15/2015

COST CONTROL: Please be aware that the comments listed are for the Operations and Maintenance of the Facility, which is Task Order SAQMMA-15-F-0011, which had final contract value of $18,595,647.21 and PoP 11/16/2014-11/15/2015

MANAGEMENT: Please be aware that the comments listed are for the Operations and Maintenance of the Facility, which is Task Order SAQMMA-15-F-0011, which had final contract value of $18,595,647.21 and PoP 11/16/2014-11/15/2015

OTHER AREAS: Please be aware that the comments listed are for the Operations and Maintenance of the Facility, which is Task Order SAQMMA-15-F-0011, which had final contract value of $18,595,647.21 and PoP 11/16/2014-11/15/2015

ADDITIONAL/OTHER: Only reason for non-concurrence: the comments listed are for the Operations and Maintenance of the Facility, which is Task Order SAQMMA-15-F-0011, which had final contract value of $18,595,647.21 and PoP 11/16/2014-11/15/2015. The contract data listed ($5M, SAQMMA-14-F-1438) is for the Blast Walls project.

CONCURRENCE: I do not concur with this evaluation and request that it be reevaluated.

Name and Title of Contractor Representative:

Name: JENNIFER COVELL

Title: Contracts Manager

Phone Number: 8139837474 Email Address: jennifer.covell@ac4s.com

Date: 12/18/2015

Review by Reviewing Official:

Name and Title of Reviewing Official:

Name:

Title:

Organization:

Phone Number: Email Address:

Date:

FOR OFFICIAL USE ONLY

Print Close

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

CONTRACTOR PERFORMANCE ASSESSMENT REPORT (CPAR)

INCOMPLETE-RATED **Nonsystems**

Name/Address of Contractor:

Company Name: ADVANCED C4 SOLUTIONS, INC.

Division Name:

Street Address: 4017 WEST MARTIN LUTHER KING JR BLVD

City: TAMPA

State/Province: FL Zip Code: 336147003

Country: USA

CAGE Code:

DUNS Number: 118498067

PSC: M1AZ NAICS Code: 561210

Evaluation Type: Final

Contract Percent Complete:

Period of Performance Being Assessed: 10/01/2017 - 05/02/2019

Contract Number: SAQMMA13D0042 SAQMMA16F3956 **Business Sector & Sub-Sector:** Nonsystems - Prof/Tech/Mng Support

Contracting Office: ACQUISITIONS - AQM MOMENTUM **Contracting Officer:** RICHARD CRUM **Phone Number:** (703) 875 6288

Location of Work:

Instanbul, Turkey/ Berlin, Germany

Award Date: 07/19/2016 **Effective Date:** 09/30/2016

Completion Date: 08/18/2021 **Estimated/Actual Completion Date:** 05/02/2019

Total Dollar Value: $3,801,027 **Current Contract Dollar Value:** $2,792,266

Complexity: Medium **Termination Type:** None

Competition Type: Not Available for Competition **Contract Type:** Time and Materials

Key Subcontractors and Effort Performed:

DUNS:

Effort:

Tetra Tech - Subcontracted by AC4S to undertake the employment of the two Syrian staff located in Berlin, Germany.

DUNS:

Effort:

DUNS:

Effort:

Project Number:

Project Title:

The purpose of this requirement is to obtain the necessary contract support to identify elements to establish, maintain and assist with the Department of State initiatives that support USG policy goals. Contractor support is needed to support the Near Eastern Affairs Assistance Coordination (NEA/AC) Office in Washington, D.C. and the Syria Transition Assistance Response Team (START) in the field.

Contract Effort Description:

Serves as contact and liaison with NEA/AC grant recipients in country, in coordination with NEA/AC, to ensure proper implementation, monitoring, and coordination occurs. Performs site visits and monitors grantees' progress against established benchmarks, recommending adjustments to NEA/AC's relevant staff, as necessary. Identifies opportunities for continued NEA/AC outreach to Syrian activists and recommends possible meetings to NEA/AC. Collaborates with NEA/AC's lead

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

representative in Turkey to provide information and analysis that informs and supports NEA/AC strategic planning and program orientation related to Syria. Coordinates and collaborates with other U.S. Government and international donors providing funding for Syria-related efforts.
Performs knowledge management functions including mapping, cataloging, and updating information. Collects and organizes data relevant to NEA/AC programming in Syria. Maintains communication with relevant Department offices, in coordination at the request of NEA/AC, to ensure that policy decisions are accurately reflected in programming and to maximize mutual reinforcement between diplomacy and programming.
organizes and implements exchanges and builds/maintains an alumni network. Exchanges include the International Visitor Leadership Program (IVLP), IVLP On Demand, SUSI, Fulbright, and other State Department programs that advance START goals. Contractor identifies appropriate individuals at all levels to participate in START's academic and professional exchanges and encourages START members to do the same. Coordinates all elements of an exchange life cycle, including the call for nominations, entering data into the Exchange Visitor Data Base (EVDB) system, preparing nomination files, coordinating with Washington on approved participants and program schedules; ensuring that grantees' documents and visas are ready for travel, making all travel arrangements, preparing and maintaining fixed obligation grants (FOGs) to cover travel expenses, and briefing participants prior to and after their program, sending relevant feedback to Washington. Develops contacts with Syrian NGOs and contacts inside Syria and within Turkey, and utilizes those contacts to set up relevant meetings for START staff in Istanbul. Provides logistical help for START officers and USG visitors in coordination with START administrative staff at Consulate Adana and in Istanbul. Supports START staff with VIP visitor support as needed. Available weekends and after hours (compensated and on an on-call basis) to support Syria-related USG visits and urgent travel requests.
Must have a flexible schedule and be willing to provide after-hours/short-notice support to Syria-related USG visiting delegations. Provides informal Arabic/English interpretation for START officers for START-officiated meetings.

Small Business Subcontracting:

Does this contract include a subcontracting plan? No

Date of last Individual Subcontracting Report (ISR) / Summary Subcontracting Report (SSR): N/A

Evaluation Areas	Past Rating	Rating
Quality:	N/A	Exceptional
Schedule:	N/A	Exceptional
Cost Control:	N/A	Satisfactory
Management:	N/A	Exceptional
Small Business Subcontracting:	N/A	N/A
Regulatory Compliance:	N/A	Exceptional
Other Areas:		
(1) :		N/A
(2) :		N/A
(3) :		N/A

Variance (Contract to Date):

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

Current Cost Variance (%): Variance at Completion (%):

Current Schedule Variance (%):

Assessing Official Comments:

QUALITY: The contractor supplied reporting and data that were consistently accurate, acceptable and met the requirements set forth by the client office. Requests for changes, corrections, and additions to written reports were addressed quickly and efficiently.

There was a moderate degree of government direction that was required to solve problems that arose through the performance of this contract. Limited direction and support was required for minor invoicing issues and a heavy degree of support and direction was required to assist the company with options to maintain their employees when AC4S lost their business licenses (through no fault of their own) in the country of performance.

SCHEDULE: The performance schedule on this contract is rated in two factors. The first is the performance and reporting of the contractor employees working in direct coordination with both our DC grants and program teams as well as our field based program teams and GORs. This performance and reporting was consistent, effective, and accurate.
The second factor is the timeliness of the communication efforts of the contractor with the Government. During routine periods, communication and timeliness was adequate with delays exclusively experienced during times of major transition on the contract.

COST CONTROL: Due to the unique obstacles of working in Turkey on Middle East issues and accounting for political sensitivities and numerous security issues, costs consistently rose to or beyond the planned value of each option year. AC4S's ability as the prime to operate within multiple countries under the correct and legal license and permit requirements is cost prohibitive for a small footprint. The majority of factors involved in the rise in costs were for factors that were not a direct result of actions or lack thereof on the part of AC4S.

MANAGEMENT: The contractor exhibited customer oriented performance. Their communication efforts were professional with some minor improvements needed in timeliness, particularly when requesting travel and other employee movement decisions.

The contractors overall billing was generally accurate and acceptable. For any rejected invoices, changes were addressed and made quickly for timely resubmission.

REGULATORY COMPLIANCE: exceeded requirement

ADDITIONAL/OTHER: Due to the critical nature of programmatic operations in the Middle East and AC4S's inability to maintain license and work permits in the necessary countries of performance (through no fault of their own) it would be difficult to consider awarding AC4S another contract involving this type of work with a small footprint in countries that they do not have long standing legal status in that already complies with local labor law requirements and the ability to hire third country nationals directly and quickly without the use of subcontractors and payroll companies.

RECOMMENDATION:

Given what I know today about the contractor's ability to perform in accordance with this contract or order's most significant requirements, I would not recommend them for similar requirements in the future.

Name and Title of Assessing Official:

Name: RICHARD CRUM

Title: Contracting Officer

Organization: Department of State; World Wide Div.

Phone Number: 202-506-0439 Email Address: crumrb@state.gov

Date: 06/26/2019

Contractor Comments:

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY / SOURCE SELECTION INFORMATION - SEE FAR 2.101, 3.104, AND 42.1503

Name and Title of Contractor Representative:
Name:
Title:
Phone Number: Email Address:
Date:

Review by Reviewing Official:

Name and Title of Reviewing Official:
Name:
Title:
Organization:
Phone Number: Email Address:
Date:

FOR OFFICIAL USE ONLY

UNCLASSIFIED

Contractor Performance Assessment Report (PAR)

Please note that if the contract does not meet or exceed the given threshold for its sector, completing a survey is recommended, but not required.

Systems	$5,000,000
Operations Support	$5,000,000
Services	$1,000,000
Information Technology	$1,000,000
Construction	$650,000
Architect-Engineering	$30,000

This report may be used as Source Selection Material inside and outside of NGA.
This report will be forwarded to the contractor being evaluated.

1. Contract number, and TO/DO number if applicable (no spaces or dashes): HM021013C0007

2. Company name: ADVANCED C4 SOLUTIONS, INC.

3. CAGE: 3BEH8

4. DUNS +4: 1184980670000

5. Contract (or TO/DO) Value: $30,335,089.00

6. Business Sector: Services

7. PoP start: 07/08/2013

8. Product Service Code: R706

9. PoP End: 01/07/2019

10. Contract Type: Time-and-materials

11. Assessment Type: Final

12. Period covered start: 07/08/2018

13. Period covered end: 01/07/2019

14. Clear, non-technical description of the principal purpose of the contract or order:

Final PAR - This contract provides scheduled and unscheduled logistical support services to support the emerging expeditionary environment and Crisis/Contingency logistics support. The scope of these scheduled and unscheduled services include the

Continued...

Technical (Quality of Product or Service)

This element is comprised of an overall rating and six sub elements. Activity critical to successfully complying with contract requirements must be assessed within one or more of these sub-elements. The overall rating at the element level is the evaluator's integrated assessment as to what most accurately depicts the contractor's technical performance or progress toward meeting contract requirements. It is not a predetermined roll-up of the sub-element assessments. The sub-elements are Product Performance; Systems Engineering, Software Engineering; Logistics

15. COR Rating: Very Good

16. Contracting Officer Rating: Very Good

17. COR Comments/ Grade Justification:

This vendor was Very Good at the technical aspects of logistical services. They understood the mission and performed accordingly. When needed, they provided sound logistical advice and recommendations.

18. Contracting Officer Comments/ Grade Justification:

The CO concurs with the COR's comments.

19. Contractor Input

- Concur ☐
- Non-Concur ☐

20. Contractor comments:

Attachments for supporting documentation and or continuation page may be used to complete input too large for the available text blocks on this form.

UNCLASSIFIED

UNCLASSIFIED

Schedule/Timeliness

Assess the timeliness of the contractor against the completion of the contract, task orders, milestones, delivery schedules, administrative requirements, etc.

21. COR Rating: Very Good	**22. Contracting Officer Rating:** Very Good
23. COR Comments/Grade Justification: This vendor was Very Good with schedules and timelines. Proposals and cost estimates were provided on time. Deliverables and financial reports were always on time. Vacancies were filled as timely as they could be.	**24. Contracting Officer Comments/Grade Justification:** The vendor was very responsive to questions or RFP's in response to an ECP from the CO.
25. Contractor Input - Concur ☐ - Non-Concur ☐	**26. Contractor comments:**

Cost Control (Not required for Firm Fixed Price or Firm Fixed Price w/ Economic Adjustment)

Assess the contractor's effectiveness in forecasting, managing, and controlling contract cost, including reporting and analyzing variances.

27. COR Rating: Very Good	**28. Contracting Officer Rating:** Very Good
29. COR Comments/Grade Justification: This vendor was Very Good as it relates to Cost Control. Their cost estimates were fairly accurate and their cost forecasting was usually very close. The Program Manager was always available to Continued...	**30. Contracting Officer Comments/Grade Justification:** The CO concurs with the COR's comments. The vendor was very responsible to ensure the Government received the best price for purchases by receiving competitive quotes from multiple vendors. The Continued...
31. Contractor Input - Concur ☐ - Non-Concur ☐	**32. Contractor comments:**

Management or Business Relations

This element is comprised of an overall rating and three sub-elements. Activity critical to successfully executing the contract must be assessed within one or more of these sub-elements. The overall rating at the element level is the evaluator's integrated assessment as to what most accurately depicts the contractor's performance in managing the contracted effort. It is not a predetermined roll-up of the sub-element assessments. The three sub-elements are: Management Responsiveness; Program Management; and Other Management.

33. COR Rating: Very Good	**34. Contracting Officer Rating:** Exceptional
35. COR Comments/Grade Justification: The Program Manager always made himself available in time of need. He did provide constant oversight to the program. The contractor management was quick to respond to issues especially before the Continued...	**36. Contracting Officer Comments/Grade Justification:** The contractor was quick to respond to questions/requests from the CO. The vendor was accommodating and easy to work with.
37. Contractor Input - Concur ☐ - Non-Concur ☐	**38. Contractor comments:**

UNCLASSIFIED

UNCLASSIFIED

Small Business Subcontracting (if applicable)

Assess the contractor's success with timely award and management of subcontracts, including whether the contractor met or exceeded small business, service-disabled-veteran-owned small business, small disadvantaged business, HUBZone small business, and women-owned small business participation and subcontracting goals established in the

39. COR Rating: Very Good	**40. Contracting Officer Rating:** Not Observed
41. COR Comments/Grade Justification: This vendor was Very Good with their Small Business Subcontracting interactions. They were able to maintain a good relationship with their Sub to insure mission coverage.	**42. Contracting Officer Comments/Grade Justification:**
43. Contractor Input - Concur ☐ - Non-Concur ☐	**44. Contractor comments:**

Other (as applicable)

For example, late or nonpayment to subcontractors, trafficking violations, failure to report in accordance with contract terms and conditions, tax deliquency, terminations, suspensions, and debarments, business ethics, etc.

45. COR Rating: Very Good	**46. Contracting Officer Rating:** Exceptional
47. COR Comments/Grade Justification: There had been no unusual issues during the performance of this contract. The vendor followed the laws and regulations of the site they were supporting. There were no security violations noted.	**48. Contracting Officer Comments/Grade Justification:** The vendor provided exceptional transition services and support to the incoming contractor and the Government on the follow-on contract. AC4S was very open with the incoming contractor and provided significant resources and details regarding their Continued...
49. Contractor Input - Concur ☐ - Non-Concur ☐	**50. Contractor comments:**

51. COR: Would you want to do business with this contractor again?	Y
52. Contracting Officer: Would you want to do business with this contractor again?	Y

Note: Before submitting a final performance assessment, you are required to supply the contractor a copy of this report and allow them 14 days to respond.

This report may be used as Source Selection Material outside of NGA

COR name, signature, and date	Contracting Officer name, signature, and date

UNCLASSIFIED

UNCLASSIFIED

PAR continuation page
(identify each block being continued before each entry: e.g. "BLK 14, cont")

BLK 14, cont: full range of logistical support to include planning, transportation, supply, warehouse, armory, facility, maintenance, escort, asset management/property accountability, fuel, billeting, and food services.

BLK 29, cont: discuss and clarify financial documents. When purchasing they always asked for many quotes to ensure the Government got what they wanted at the best price.

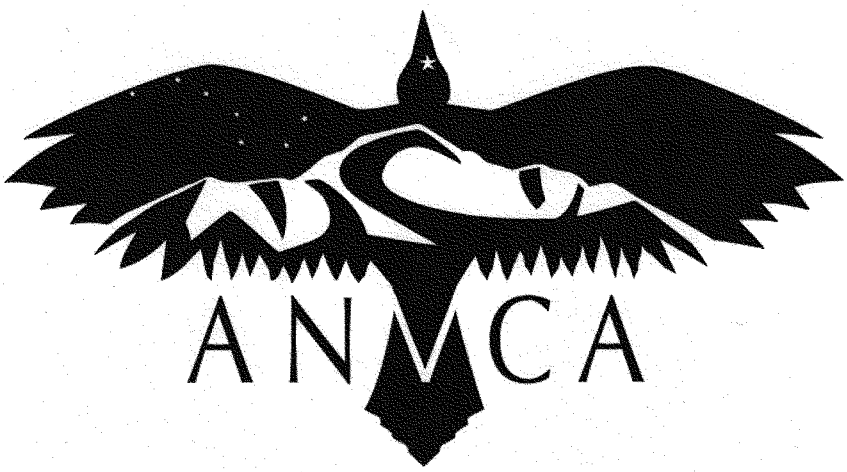
BLK 30, cont: vendor provided detailed invoices with explanations and backup.

BLK 35, cont: Government was aware of issues. The contractor provided contractor supervision at the customer location to insure a smooth operation.

BLK 48, cont: processes helping both the Government and the new contractor. AC4S went above and beyond to ensure a smooth transition.

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"



Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

Representative Young Questions for the Record for Panel Two

Submitted by ANVCA – January 7, 2020

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

QFR's and answers below

1. **Is revenue tracked by NAICS Code?**

   Yes, and there are strict rules that require that an ANC can only be contracting in one NAICS code while utilizing the 8(a) program. There are also annual audits and regular reporting throughout the year to the SBA via the assigned business opportunity specialist to ensure compliance.

2. **Is there a method used to determine whether or not a follow-on contract exists and is being awarded to the sister subsidiary?**

   Yes, as per the final rule changes in 2016, a Tribally owned 8(a) cannot own more than one of the same type of entity (in the same NAICS code). Below are excerpts from the final rule:

   > "[t]he individuals responsible for the management and daily operations of a tribally-owned concern cannot manage more than two Program Participants at the same time."
   >
   > "Officers, board members, and/or tribal leaders may control a holding company overseeing several tribally-owned or ANC-owned companies, provided they do not actually control the day-to-day management of more than two current 8(a) BD Program participant firms."

   ANCs, NHO, and tribally owned entities must submit extensive information via government required systems including but not limited to the System for Award Management (SAM). All of the pertinent information about the entity including NAICS codes, the names of the ownership structure, management and leadership as well as board members are available to procurement officers in this system as well. Certification for 8(a) contracting involves site visits from experienced Business Opportunity Specialists who are familiar with the complex structure of Alaska Native Corporations. These visits are used to verify that the ownership and management of the 8(a) firm is indeed owned by and ANC and does not have an existing entity in that same NAICS space.

3. **May a firm participating in the 8(a) Program be found to be affiliated with another firm owned by the same ultimate parent, such as a Tribe, ANC, or NHO?**

   An ANC can own more than one entity, however affiliation rules prevent them from simply starting up a new entity in the same NAICS code to carry on the same type of work utilizing

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

the 8(a) program or from owning or controlling 51% or more of the two of the same type of firm within the 8(a) BD program. Additionally, the SBA currently formally approves all joint ventures and mentor protégé relationships to prevent affiliation.

4. **May a tribe, ANC, or NHO be found affiliated for purposes of size while in the 8(a) Program with a sister subsidiary?**

   It is my understanding that there are strict size standards and affiliation rules for which the both the ANC owned entity and the SBA is responsible for ensuring compliance. The regulations currently state that affiliation can be found for any reason, including size. There are exclusions provided for shared services etc. but for the most part the rules on affiliation and size standards are defined in SBA 8(a) program requirements.

5. **Is there a uniform-benefits reporting form for ANCs, NHOs, and tribes participating in the 8(a) Program?**

   Yes. The 8(a) Benefits Reporting Form, OMB Approval 3245. In addition to this form, ANCs are encouraged to add any additional benefits information as part of a narrative section. A copy of the form is attached. As an association, we monitor the benefits that are making their way to the ANC shareholders they were intended to benefit.

   The ANCSA Regional Association regularly publishes a report illustrating the many benefits ANCs provide to their shareholders including but not limited to: Dividends, Educational Scholarships, Internships, and Careers, Culture Camps, Language Revitalization, Burial and Funeral Support, Cause-Specific Contributions.

A link to the latest economic impact report is below, as you can see from the data reported, Alaska Native Corporations give an average of 85% or higher of their net income back to the community in these various ways. Additionally, ANCs regularly provide sponsorships, grants, and donations to local non-profits and school districts benefiting both Native and non-native citizens of Alaska. A summary of ANCSA economic impact report from 2017 is included in this packet.

https://ancsaregional.com/wp-content/uploads/2019/09/2017-ANCSA-Economic-Impact-Report.pdf

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

6. **What types of awards and recognition you have received from the federal government for work you have performed under contract?**

   ANVCA polled our members for awards and recognitions they received in the limited amount of time we had, and the responses received in that window are attached.

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

OMB Approval 3245

OMB Approval #: 3245-
Expiration Date:

8(a) Participant Benefits Report

1. The 8(a) Participant is owned by:

☐ Indian Tribe ☐ ANC ☐ NHO ☐ CDC

The information in this report is provided by the:

☐ 8(a) Participant ☐ Parent Corporation ☐ Wholly-Owned Holding Company ☐ Wholly-Owned Business Entity of Tribe

2. Name of 8(a) Participant: _____

Address: _____

City: _____ State: _____ Zip Code: _____

3. Report Point of Contact (Name): _____

Title: _____

Email Address: _____

Business Telephone: _____ Fax Number: _____

SBA BENEFITS REPORTING CATEGORIES

Check the box to show areas of benefits provided for this reporting period.

Name of Community/Tribe: _____

☐ Category 1: Health, Social and Cultural Support ($ _____Estimate)
☐ Category 2: Education and Development ($ _____Estimate)
☐ Category 3: Lands ($ _____Estimate)
☐ Category 4: Economic and Community Development ($ _____Estimate)
☐ Category 5: Employment ($ _____Estimate)
☐ Category 6: Economic Benefits ($ _____Estimate)
☐ Category 7: Other (please specify) ($ _____Estimate)

_____

_____

_____

Total estimated financial contribution from 8(a) Participant: $ _____

Optional: Additional benefits provided by the Parent Corporation or Holding Company Level include:

_____

_____

_____

Optional: Additional Parent Corporation or Holding Company Benefits: $ _____Estimate

BY SIGNING BELOW, I CERTIFY THAT ALL INFORMATION SUBMITTED IN THIS 8(A) PARTICIPANT BENEFITS REPORT IS TRUE, CORRECT AND ACCURATE. I UNDERSTAND THAT FALSE STATEMENTS CAN BE SUBJECT TO PROSECUTION UNDER 18 U.S.C. § 1001 AND OTHER STATUTES, CAN SUBJECT ME OR MY COMPANY TO TREBLE DAMAGES UNDER THE FALSE CLAIMS ACT, 31 U.S.C. §§ 3729–3733 OR SUSPENSION OR DEBARMENT, AND CAN RESULT IN THE TERMINATION OF MY COMPANY FROM THE 8(A) PROGRAM.

Print Name of Authorized 8(a) Participant Official: _____

Title: _____

Signature: _____ Date: _____

NOTE: 8(a) Participants may use a continuation sheet to provide any additional comments or information.

SBA Form 2456 (11/2015)

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

BENEFITS REPORTING FORM

Instructions:

Under 13 C.F.R. § 124.604 provides the following: As part of its **annual review submission, each 8(a) Participant** owned by a Tribe, Alaska Native Corporation (ANC), Native Hawaiian Organization (NHO) or Community Development Corporation (CDC) must submit to SBA information showing how the Tribe, ANC, NHO or CDC has provided benefits to the Tribal or native members and/or the Tribal, native or other community due to the Tribe's/ANC's/NHO's/CDC's participation in the 8(a) Business Development program through one or more firms. Nevertheless, submission of the Benefits Reporting Form is the primary responsibility of each 8(a) Participant and failure to comply may result termination for the 8(a) BD Program in accordance with 13 C.F.R. § 124.303.

Forms may be completed and submitted online at https://ewweb.sba.gov/gls/dsp_login.cfm?SB=Y. However, the firm must submit a hard copy of the certification page **only** containing a "wet signature" of the President, Partner or Proprietor of the firm's assigned Business Opportunity Specialist (BOS) located at the servicing District office.

Category 1 Examples: Health, Social and Cultural Support. Contributions (established or funded) in the following categories, as applicable, made for the benefit of the Native or other communities.

- *Monetary donations or contributions*
- *Social programs*
- *Cultural programs* (language revitalization, cultural camps, and after school programs).
- *Beneficiary outreach and communication efforts* (newsletters, websites, conferences, informational meetings, gatherings, and annual meetings of Native or community members).
- *Death benefits* (may include funeral benefits, life insurance proceeds, and potlatch funds).

Category 2 Examples: Education and Development

- *Scholarship programs*
- *Life skills programs*
- *School program support*
- *Apprentice programs & intern programs*
- *Training programs* (may include Board, Tribal Council, and management training and mentor programs)

Category 3 Examples: Lands

- *Land management programs*
- *Subsistence programs (e.g., agriculture farming)*
- *Resource management and enforcement*
- *Water management*

Category 4 Examples: Economic and Community Development

- *Investment in new businesses*
- *Community infrastructure*
- *Support to small businesses or entrepreneurs*
- *Federal and state tax payments*
- *Housing assistance*
- *Energy assistance*

Category 5 Examples: Employment

- *Total number of jobs* directly or indirectly created
- *Employment assistance and support*

Category 6 Examples: Economic Benefits

- *Investment or payments* made for the support of *elder trusts or settlement trusts*
- *Investment or payments* made towards *permanent funds or restricted funds*
- *Dividends paid*
- *Increase in the value of the equitable interest*

PLEASE NOTE: You are not required to respond to this or any collection of information unless it displays a currently valid OMB approval number. The total estimated time for responding to this request for information, including time to read instructions and compile the information needed to respond to questions or prepare reports, is 30 minutes. Comments on the burden estimate should be sent to U.S. Small Business Administration, Chief AIB, 409 3rd St., S.W., Washington, D.C. 20416 and Desk Officer for the U.S. Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503. **PLEASE DO NOT SEND COMPLETED FORMS TO OMB.**

SBA Form 2456 (11/2015)

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

ANC Economic Impact

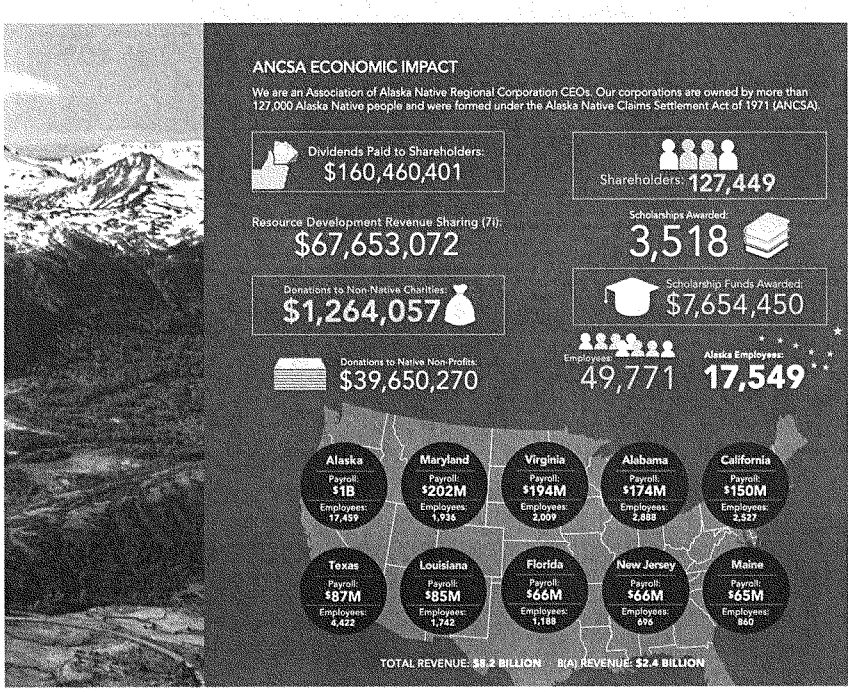


Figure 1 - SOURCE: 2017 ANCSA Economic Impact

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

U.S. Department of Homeland Security
United States Coast Guard

Commandant
United States Coast Guard

2703 Martin Luther King Jr Ave SE
Stop 7501
Washington, DC 20593-7501
Staff Symbol: CG-CVC-1
Phone: (202) 372-1208

1650
August 17, 2017

Three Star Enterprises, LLC
Attn: Mr. Joe Marflak
185 E. Nelson Street
Wasilla, AK 99654

Dear Mr. Marflak:

I would like to extend my most sincere appreciation for your dedication to repairing and restoring the Coast Guard Office of Commercial Vessel Compliance (CG-CVC) webpage following a recent server migration in June, 2017.

As the Flag Administration and Port State Control Authority for the United States, the Coast Guard is responsible for ensuring the safety, security and continued economic viability of the Marine Transportation System. The CG-CVC webpage serves a critical function by keeping the global maritime community apprised of the latest Coast Guard policies, marine safety information bulletins and program points of contact. Your tireless efforts to quickly identify the cause of the problem, liaise with key offices, complete required training, become a webmaster and manually recode and repopulate our page within days of the migration was critical to restoring access to this important information by the global maritime community.

Thank you for dedication and professionalism and most importantly, for a job well done!

Sincerely,

M. Edwards

M. EDWARDS
Captain, U. S. Coast Guard
Chief, Office of Commercial Vessel Compliance
By Direction

Copy: Three Star Enterprises, LLC

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

ANA Online Training

Notebook:	BD		
Created:	4/4/2016 11:22 PM	**Updated:**	4/12/2016 10:39 AM
Author:	Anthony Caole		
Tags:	ANA Quarterly Report Highlights, BD - Accolades		
URL:	https://mail.google.com/mail/u/0/?tab=cm#inbox/153edb4542fc8fb2		

ANA 2016 PANEL REVIEW ONLINE TRAINING MODULES

SourceURL: https://mail.google.com/mail/u/0/?tab=cm#inbox/153edb4542fc8fb2
Author: Anthony Caole

--------- Forwarded message ---------
From: **Gladys Meacock** <gandg737@aol.com>
Date: Wed, Apr 6, 2016 at 11:21 AM
Subject: Re: Status of training
To: c.peele@3starak.com

As an educator, I must complement ANA on the improvements of your training modules.
I had an occasional blip but I think it was learning Windows 10.
Somehow I had difficulties seeing if I was done.

Gladys Meacock
gandg737@aol.com

Fwd: FW: Completed Reviewer Training - a.caole@3starak.com - Three Star Enterprises LLC Mail

SourceURL: https://mail.google.com/mail/u/0/#inbox/153f22e458f46d95

From: Janet Gordon [mailto:janet.gordon@kauffmaninc.com]

Sent: Wednesday, April 06, 2016 4:35 PM
To: ACF ANAReviewer
Subject: Completed Reviewer Training

Hello,

The ANA training modules were very well written and taught a lot of good information in an easy to understand format. Thank-you so much for the opportunity to complete them.

I just wanted to reach out to make sure that the course indicates I have completed the first 3 modules successfully at this time. Thank-you for checking.

Respectfully,

Janet

Janet Gordon, Ed. D.

Project Mgr, Subject Matter Expert III

Kauffman and Associates

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

Screen clip

Author: Anthony Caole

-------- Forwarded message --------
From: **Arla Gourmeau** <eaglesong55@hotmail.com>
Date: Mon, Apr 4, 2016 at 12:48 PM
Subject: RE: Responding to your Email
To: Charles Peele <c.peele@bitwah.com>

Good afternoon Mr. Peele, thanks for getting back to me. I'm not sure if the training modules were on a newer Windows Program, mine's a little older and I had some PC glitches until I updated my drivers. Hence my wondering if I had completed because when I had initially tried to scroll down on each Module, my laptop was shooting up lines and making it hard to scroll down at all. So was wondering if I had missed anything.

I do love the new training modules!! They are super cool, new, easier to understand material, and easily transition for each Module. Great job b-t-w!! Thanks for your help & have a great day.

Arla

Arla J. Gourmeau
LG Consultants
PO Box 1522 Belcourt, ND 58316
Phone: (701) 278-1205
Email: eaglesong55@hotmail.com [redacted] ajgourmeau@gmail.com *https://www.facebook.com/intwithLG/*

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

Fwd: SEDS Alaska - WOW

Notebook: BD
Created: 3/28/2015 9:50 AM
Author: Anthony Caole <a.caole@3starak.com>
Tags: BD - Accolades

Forwarded conversation
Subject: **SEDS Alaska - WOW**

From: **Allender, Mark (ACF)** <Mark.Allender@acf.hhs.gov>
Date: Thu, Mar 26, 2015 at 6:45 AM
To: Anthony Caole <a.caole@3starak.com>, Angela Camos <a.camos@3starak.com>, "c.peele@3starak.com" <c.peele@3starak.com>
Cc: "Sparks, Lillian (ACF)" <Lillian.Sparks@acf.hhs.gov>, "Romine, Kimberly (ACF)" <Kimberly.Romine@acf.hhs.gov>, "Strickland, Carmelia (ACF)" <Carmelia.Strickland@acf.hhs.gov>, "Loya, Camille (ACF)" <camille.loya@acf.hhs.gov>, "Sagalkin, Amy (ACF)" <Amy.Sagalkin@acf.hhs.gov>

Anthony, Angela and Charles,

Attached is the list of applications that were received by Grants.gov yesterday. I think that before you all even look at the list you should pat yourself on the back for a job well done!!! The outreach must have been great because we received 35 applications but after the duplicates and late applications we are looking at around 30. This is 2-3 times the amount of applications that we were expecting for the competition. Please keep in mind that these applications have not gone through screening yet so the numbers are most likely going to change in the next week.

I just wanted to express my appreciation for all of the hard work that you all have been doing in the region through the training, conference outreach and personalized applicant T/TA that you have provided. ANA is truly lucky to have you all as our voice in the region.

Take care and enjoy a quick breather before your next endeavors!

Mark

Mark Allender

Program Specialist

Administration for Native Americans

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

From: **Romine, Kimberly (ACF)** <Kimberly.Romine@acf.hhs.gov>
Date: Thu, Mar 26, 2015 at 6:54 AM
To: "Allender, Mark (ACF)" <Mark.Allender@acf.hhs.gov>, Anthony Caole <a.caole@3starak.com>, Angela Camos <a.camos@3starak.com>, "c.peele@3starak.com" <c.peele@3starak.com>
Cc: "Sparks, Lillian (ACF)" <Lillian.Sparks@acf.hhs.gov>, "Strickland, Carmelia (ACF)" <Carmelia.Strickland@acf.hhs.gov>, "Loya, Camille (ACF)" <camille.loya@acf.hhs.gov>, "Sagalkin, Amy (ACF)" <Amy.Sagalkin@acf.hhs.gov>

I second that praise. You have really done a great job! THANK YOU

Kim Romine

Deputy Commissioner

Administration for Native Americans

202-205-5603

http://www.acf.hhs.gov/initiatives-priorities/tribal -ACF Tribal Webpage

http://tribal.golearnportal.org/ - Training "Working Effectively with Tribal Governments"

http://www.medicare.gov/physiciancompare - Physician Compare website

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

Admirals,

Over the past year, we have been working hard in response to Sailors' requests to develop a single website that will act as their "one-stop-shop" to access their Navy personnel information. Today, the information is spread across a multitude of websites and portals, requiring a separate logins.

Later this week, we will begin a beta test of a new web portal designed to aggregate several personnel, training and education websites into one location. We have conducted several internal tests and have determined that My Navy Portal (MNP) is sufficiently mature to merit a larger scale test. I will be releasing a NAVADMIN and press-release later this week, but wanted to let you know in advance.

The beta release of My Navy Portal, while limited in functionality, will serve as a field test for how to improve its capability. Over time, the MNP capability will be expanded to serve as the single point of entry for all Sailor self-service personnel transactions and viewing of information. There are currently known challenges for platforms with limited, low, or intermittent bandwidth/connectivity, and we are working to develop solutions that will be more responsive in these shipboard environments.

Sailors who are identified as beta testers will be notified via email. Sailors can access My Navy Portal's public homepage by viewing https://my.navy.mil. From there, individuals can securely log into the website and view their personnel information using their CAC. Sailors experiencing difficulty logging on to MNP should email the MNP Help desk at MNP_Helpdesk@navy.mil for assistance.

Sailors should see continued improvement with each software update to My Navy Portal, expected quarterly. Upon completion of the beta test, My Navy Portal will be launched Fleet wide and be available to Sailors as the central on-line location for their personnel information.

Additionally, with the launch of MNP, Navy Knowledge On-line (NKO) has been tentatively scheduled for retirement after the Spring Navy Wide Advancement Exam Cycle is complete. The NKO data will be incorporated into MNP.

While there is still much work to be done, this is the first step in providing a consolidated one-stop shop for Sailors' personnel information. Our Sailors deserve a modern personnel system and we are committed to providing one, starting with My Navy Portal.

V/r, Bob

VADM Robert P. Burke
Chief of Naval Personnel/OPNAV N1
701 S. Courthouse Road
Bldg 12, Rm 4K050
Arlington, VA 22204

Office: (703) 604-7130
DSN: (312) 664-7130
Fax: (703) 604-5942
NIPR: robert.p.burke@navy.mil

DoD CIO's Award

"This award is a reflection of the hard work of the My Navy Portal team. The team's effort to get the system into the commercial cloud is a major step forward for the Navy and the Department of Defense."

Patrick Fitzgerald, PMW 240
Program Manager

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"

Customer Feedback

From Navy APM - Jake

From: Aplanalp, Jacob K CIV PEO-EIS, 62420
Sent: Friday, February 10, 2017 2:37 PM
To: dhopkins@katmaicorp.com
Cc: dchafin@teamibr.com; Jack Hine (jhine@katmaicorp.com); Gerry Batista (gbatista@teamibr.com); Kevin Soucy; Blake Shackelford (bshackelford@katmaicorp.com)
Subject: Huge MNP thanks to entire Team Katmai

Dave,

Given our successful PRR today, I wanted to make a special point of thanking Team Katmai, and ask you pass along my sincere thanks.

I know the entire team has been pulling tough hours and responding to all the churn that accompanies a release. Please thank them for the "can do" attitude and coming through when it counted most. When Katmai took over the baseline 14 months back we were not in a good spot. Now, we are launching to the Navy - no small feat that really will make life better for Sailors!

I'm sure we'll have some hiccups next week as we deploy that will require our continued extra efforts, but I'm looking forward to some normal hours for your entire team very soon.

Again, please send my deepest thanks. Since you understand the meaning, please teach the team what my giving them "BZ" means and tell them that's what they've earned.

We made it!

V/R, Jake

Jake Aplanalp
APM - My Navy Portal (MNP)
PMW 240 - Sea Warrior Program
701 South Courthouse Rd, St. 1400
Arlington, VA 22204
Office: 703-604-3595, DSN: 664
Cel: 703-350-9847
jacob.aplanalp@navy.mil

Dave,

Wanted to follow up today given the successful public launch of MNP (http://www.navy.mil/submit/display.asp?story_id=98938).

Please thank the team again for the very hard work they've had to put forward this week. I know it's been long hours and we've had constant requests flowing in, and Team Katmai has DELIVERED.

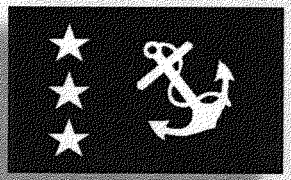
BZ to all! Have a great weekend, and let's be ready to get the feedback we've been soliciting!

V/R, Jake

Jake Aplanalp
APM - My Navy Portal (MNP)
PMW 240 - Sea Warrior Program
701 South Courthouse Rd, St. 1400
Arlington, VA 22204
Office: 703-604-3595, DSN: 664
Cel: 703-350-9847
jacob.aplanalp@navy.mil

Customer Feedback

- Email VADM Philip Cullom to MNP CNO for clear feedback and concerns



From: Cullom, Philip VADMOPNAV, N4
Sent: Friday, March 03, 2017 6:28:44 PM (UTC-05:00) Eastern Time (US & Canada)
To: Burke, Robert P VADM CNP, N1
Cc: Cullom, Philip VADMOPNAV, N4
Subject: RE: My Navy Portal (MNP) Beta Release

Bob,

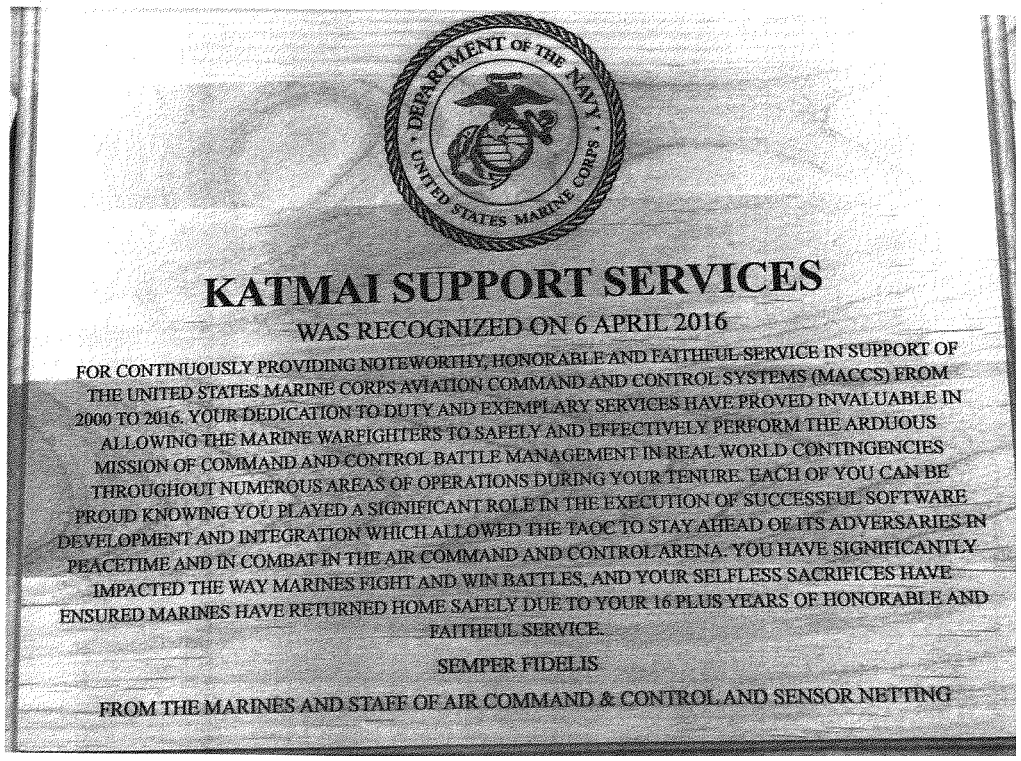
Belated, but quick feedback. Asked my front office and Secretariat to test drive 'My Navy Portal' Beta release.
From my YNC....
"From the Chief and Admin perspective this is awesome!!! It would be nice to see one website that Sailors can see their Awards, Evals, Training, Orders, and Benefits. I am honestly excited about this sir!"

Thanks for the opportunity!

Best, Phil

Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

"Native 8(a) Contracting: Emerging Issues"



DEPARTMENT OF THE NAVY · UNITED STATES MARINE CORPS

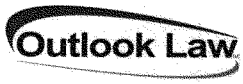
KATMAI SUPPORT SERVICES

WAS RECOGNIZED ON 6 APRIL 2016

FOR CONTINUOUSLY PROVIDING NOTEWORTHY, HONORABLE AND FAITHFUL SERVICE IN SUPPORT OF THE UNITED STATES MARINE CORPS AVIATION COMMAND AND CONTROL SYSTEMS (MACCS) FROM 2000 TO 2016. YOUR DEDICATION TO DUTY AND EXEMPLARY SERVICES HAVE PROVED INVALUABLE IN ALLOWING THE MARINE WARFIGHTERS TO SAFELY AND EFFECTIVELY PERFORM THE ARDUOUS MISSION OF COMMAND AND CONTROL BATTLE MANAGEMENT IN REAL WORLD CONTINGENCIES THROUGHOUT NUMEROUS AREAS OF OPERATIONS DURING YOUR TENURE. EACH OF YOU CAN BE PROUD KNOWING YOU PLAYED A SIGNIFICANT ROLE IN THE EXECUTION OF SUCCESSFUL SOFTWARE DEVELOPMENT AND INTEGRATION WHICH ALLOWED THE TAOC TO STAY AHEAD OF ITS ADVERSARIES IN PEACETIME AND IN COMBAT IN THE AIR COMMAND AND CONTROL ARENA. YOU HAVE SIGNIFICANTLY IMPACTED THE WAY MARINES FIGHT AND WIN BATTLES, AND YOUR SELFLESS SACRIFICES HAVE ENSURED MARINES HAVE RETURNED HOME SAFELY DUE TO YOUR 16 PLUS YEARS OF HONORABLE AND FAITHFUL SERVICE.

SEMPER FIDELIS

FROM THE MARINES AND STAFF OF AIR COMMAND & CONTROL AND SENSOR NETTING



RESPONSES TO QUESTIONS FOR THE RECORD, HOUSE SMALL BUSINESS SUBCOMMITTEE ON INVESTIGATIONS, OVERSIGHT, AND REGULATIONS

HEARING HELD OCTOBER 22, 2019
TESTIFIER: CHRISTINE V WILLIAMS

1. Is revenue tracked by NAICS Code?

Yes. Generally, a firm owned by a Tribe, Alaska Native Corporation ("ANC"), or Native Hawaiian Organization ("NHO"), tracks revenue by NAICS Code while performing in the 8(a) Business Development Program. Generally, the firm owned by a Tribe, ANC, or NHO, turns in its revenue by NAICS Code as a requisite part of its 8(a)-annual review. Upon information and belief, the SBA then notes under which NAICS Code the majority of that firm's revenue is generated. Upon information and belief, the SBA then cross-checks to ensure that if the majority of the revenue is booked in under a firm's secondary NAICS Code, the Secondary Code may be moved to the Primary Position. Upon information and belief, the SBA also ensures through this process that no two firms with the same ultimate parent company receive the majority of their revenue from the same NAICS Code. If that occurs, upon information and belief, the SBA may cause one firm to exit the 8(a) Program.

2. Is there a method used to determine whether or not a follow-on contract exists and is being awarded to the sister subsidiary?

Yes. Upon information and belief, the SBA uses a methodology when determining whether a follow-on contract exists. In a bid protest decision in 2017, the GAO asked SBA to write to whether such a methodology exists. The SBA did so and explained that, at that time, the SBA evaluates follow-on contracts similarly to the methodology used for determining whether or not an 8(a) contract may be removed from the 8(a) Program. In short, the SBA supplied the methodology for determining a new contract action. *See Matter of GOV Services, Inc.*, B-414374 (2017). The GAO upheld its own precedence from earlier case law[1] in finding "the SBA's interpretation of its regulations to be reasonable" when applying this methodology for determining whether or not a follow-on contract exists and is being awarded to a sister subsidiary.[2] It is also believed that the SBA is going to set forth a very specific regulation of methodology for determination of follow-on contracts to facilitate the field analysis that is done.

3. May a firm participating in the 8(a) Program be found to be affiliated with another firm owned by the same ultimate parent, such as a Tribe, ANC, or NHO?

Yes. A firm may be found affiliated with a sister subsidiary while that firm is in the 8(a) Program. There are three *exceptions* to affiliation in the 8(a) Program for Native Community Owned firms participating in the 8(a) Program.

4. May a tribe, ANC, or NHO be found affiliated for purposes of size while in the 8(a) Program with a sister subsidiary?

Yes. The exceptions listed above apply and there is a limited exception for size while in the 8(a) Program. While 8(a) exceptions may be limited, a firm is required to perform other than 8(a) contracts while participating in the 8(a) Program. *See* 124.509(b)(2)(demonstrating the required

[1] *Id.* at 7, fn11.
[2] *Id.*

amount of non-8(a) work that must be performed while a firm participates in the 8(a) Program). As to size, affiliation is generally not found for common ownership or control/oversight functions, as it is the ultimate parent that oversees for the benefit of citizens/shareholders/members of the respective Tribe, ANC, or NHO. This oversight function is a requirement. Additionally, affiliation is generally not found for common administrative services ("so long as adequate payment is provided for these services"). 13 CFR 121.103(b)(2)(ii). The very next sentence, is only applied to Tribes, ANCs, and NHOs, and reads as follows: "[a]ffiliation may be found for other reasons." *Id.*

5. Is there a uniform-benefits reporting form for ANCs, NHOs, and tribes participating in the 8(a) Program?

Yes. The uniform benefits reporting form is attached and may be supplemented by firm participants as the benefits delivered and received are generally dependent on what the citizens/shareholders/members need in order to promote sustainability for those communities.

6. What types of awards and recognition you have [sic] received from the federal government for work you have performed under contract?

This responds to question 6 and is also in response to Ranking Member's Spano's question to Ms. Williams regarding what type or number of 8(a) awards were received. Mr. Spano-"...what is the percentage of sole source contract that [sic] is awarded to 8(a) groups annually?"

In Fiscal Year 2018, the federal government awarded $120.8 billion to small business contractors; exceeding the statutory goal of the 23 percent by roughly two percent. This exceeded the $120 billion milestone for the first time and resulted in the supporting or creating of over 633 thousand jobs.[3]

Overall the federal government's procurement spend roughly equals $554.1 billion.[4] The top ten vendors for the federal government received $138.2 billion.[5] In short, ***the top ten vendors exceeded the full amount received by all small business contractors***.[6]

In contrast and for context, according to the SBA's Reporting Goals to Congress on contracts awarded to small business concerns for 2018, total small business contract awards, in all categories, to Tribes, ANCs and NHOs, is approximately 1.8% of the federal procurement

---

[3] FY 2018 SBA Reporting on Goals for Procurement Contracts Awarded to Small Business Concerns, September 2019.

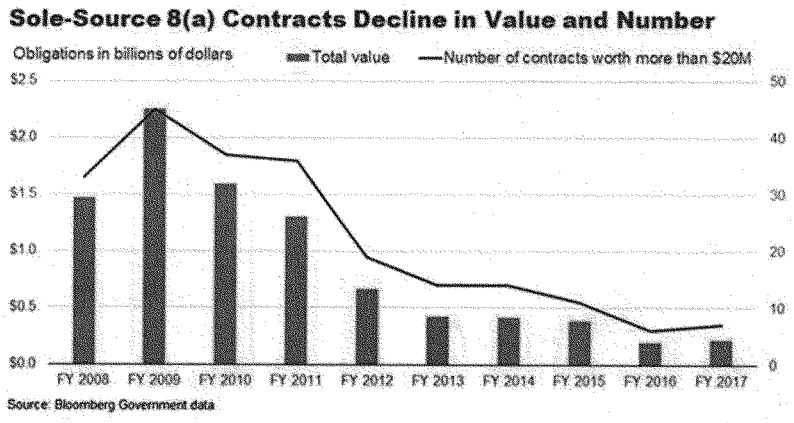
[4] https://blog.gao.gov/2019/05/28/federal-government-contracting-for-fiscal-year-2018-infographic/. Please note that this was a combination of projection and trends by GAO as this watchdog blog was published by GAO prior to 2018 fiscal year end.

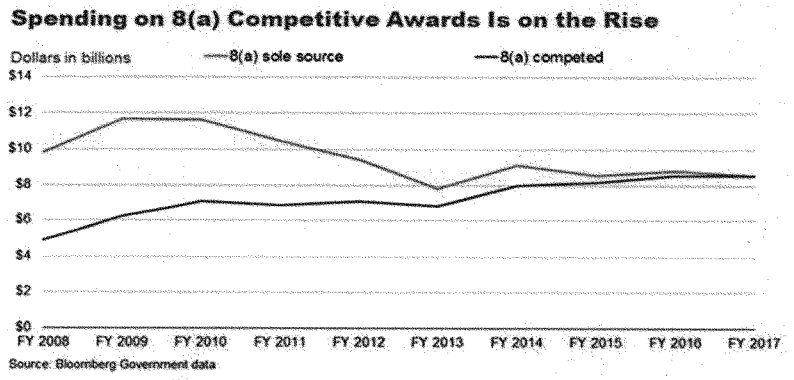
[5] *Id.*

[6] From 2014 to 2018, between 41.8% and 46.2% of contracts were not competed by the defense agencies (again exceeding the entire small business spend). During that same time, about 20% were not competed for civilian agencies, bringing the government wide average for non-competed contract awards to 33.9% and 36.3% for the years 2014 to 2018. *Id.*

awards. Sole source contracts awarded through the SBA's 8(a) Business Development Programs to Native Community owned firms equals roughly one half (.51) of one percent of federal procurement actions.[7]

8(a) sole source work is specifically designed for all 8(a) Program participants because it is a business development program of forced limited duration, unlike other SBA programs. Regardless of the very design of the 8(a) Program and the Small Business Act, sole source awards have undergone a noticeable reduction, as the following charts demonstrate:





[7] *See* FY 2018 SBA Reporting on Goals for Procurement Contracts Awarded to Small Business Concerns, September 2019, Not Available for Competition, 8(a) Sole Source.

OMB Approval #: 3245-
Expiration Date:

8(a) Participant Benefits Report

1. The 8(a) Participant is owned by:

☐ Indian Tribe ☐ ANC ☐ NHO ☐ CDC

The information in this report is provided by the:

☐ 8(a) Participant ☐ Parent Corporation ☐ Wholly-Owned Holding Company ☐ Wholly-Owned Business Entity of Tribe

2. Name of 8(a) Participant: _____

Address: _____

City: _____ State: _____ Zip Code: _____

3. Report Point of Contact (Name): _____

Title: _____

Email Address: _____

Business Telephone: _____ Fax Number: _____

SBA BENEFITS REPORTING CATEGORIES

Check the box to show areas of benefits provided for this reporting period.

Name of Community/Tribe: _____

☐ Category 1: Health, Social and Cultural Support ($ _____Estimate)
☐ Category 2: Education and Development ($ _____Estimate)
☐ Category 3: Lands ($ _____Estimate)
☐ Category 4: Economic and Community Development ($ _____Estimate)
☐ Category 5: Employment ($ _____Estimate)
☐ Category 6: Economic Benefits ($ _____Estimate)
☐ Category 7: Other (please specify) ($ _____Estimate)

_____

_____

_____

Total estimated financial contribution from 8(a) Participant: $ _____

Optional: Additional benefits provided by the Parent Corporation or Holding Company Level include:

_____

_____

_____

Optional: Additional Parent Corporation or Holding Company Benefits: $ _____Estimate

BY SIGNING BELOW, I CERTIFY THAT ALL INFORMATION SUBMITTED IN THIS 8(A) PARTICIPANT BENEFITS REPORT IS TRUE, CORRECT AND ACCURATE. I UNDERSTAND THAT FALSE STATEMENTS CAN BE SUBJECT TO PROSECUTION UNDER 18 U.S.C. § 1001 AND OTHER STATUTES, CAN SUBJECT ME OR MY COMPANY TO TREBLE DAMAGES UNDER THE FALSE CLAIMS ACT, 31 U.S.C. §§ 3729–3733 OR SUSPENSION OR DEBARMENT, AND CAN RESULT IN THE TERMINATION OF MY COMPANY FROM THE 8(A) PROGRAM.

Print Name of Authorized 8(a) Participant Official: _____

Title: _____

Signature: _____ Date: _____

NOTE: 8(a) Participants may use a continuation sheet to provide any additional comments or information.

BENEFITS REPORTING FORM

Instructions:

Under 13 C.F.R. § 124.604 provides the following: As part of its **annual review submission, each 8(a) Participant** owned by a Tribe, Alaska Native Corporation (ANC), Native Hawaiian Organization (NHO) or Community Development Corporation (CDC) must submit to SBA information showing how the Tribe, ANC, NHO or CDC has provided benefits to the Tribal or native members and/or the Tribal, native or other community due to the Tribe's/ANC's/NHO's/CDC's participation in the 8(a) Business Development program through one or more firms. Nevertheless, submission of the Benefits Reporting Form is the primary responsibility of each 8(a) Participant and failure to comply may result termination for the 8(a) BD Program in accordance with 13 C.F.R. § 124.303.

Forms may be completed and submitted online at https://eweb.sba.gov/gls/dsp_login.cfm?SB=Y. However, the firm must submit a hard copy of the certification page **only** containing a "wet signature" of the President, Partner or Proprietor of the firm's assigned Business Opportunity Specialist (BOS) located at the servicing District office.

Category 1 Examples: Health, Social and Cultural Support. Contributions (established or funded) in the following categories, as applicable, made for the benefit of the Native or other communities.

_ *Monetary donations or contributions*
_ *Social programs*
_ *Cultural programs* (language revitalization, cultural camps, and after school programs).
_ *Beneficiary outreach and communication efforts* (newsletters, websites, conferences, informational meetings, gatherings, and annual meetings of Native or community members).
_ *Death benefits* (may include funeral benefits, life insurance proceeds, and potlatch funds).

Category 2 Examples: Education and Development

_ *Scholarship programs*
_ *Life skills programs*
_ *School program support*
_ *Apprentice programs & intern programs*
_ *Training programs* (may include Board, Tribal Council, and management training and mentor programs)

Category 3 Examples: Lands

_ *Land management programs*
_ *Subsistence programs (e.g., agriculture farming)*
_ *Resource management and enforcement*
_ *Water management*

Category 4 Examples: Economic and Community Development

_ *Investment in new businesses*
_ *Community infrastructure*
_ *Support to small businesses or entrepreneurs*
_ *Federal and state tax payments*
_ *Housing assistance*
_ *Energy assistance*

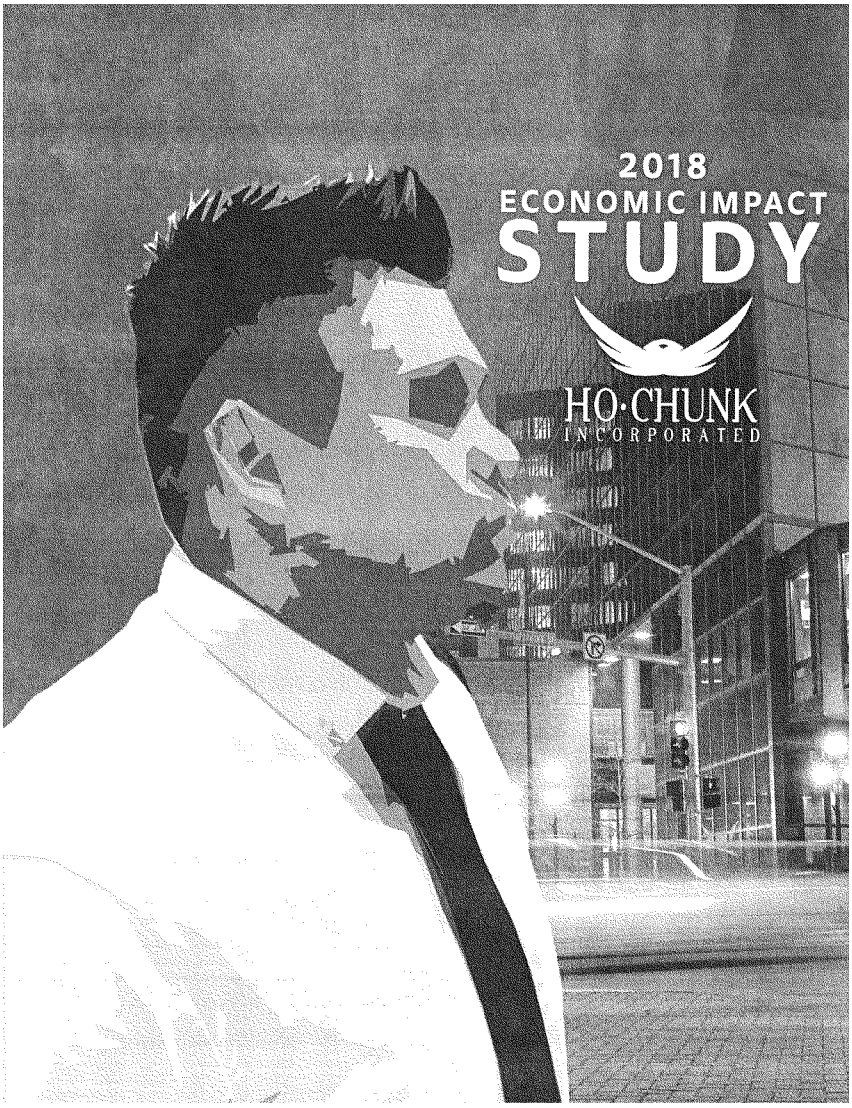
Category 5 Examples: Employment

_ *Total number of jobs* directly or indirectly created
_ *Employment assistance and support*

Category 6 Examples: Economic Benefits

_ *Investment or payments* made for the support of *elder trusts* or *settlement trusts*
_ *Investment or payments* made towards *permanent funds or restricted funds*
_ *Dividends paid*
_ *Increase in the value of the equitable interest*

PLEASE NOTE: You are not required to respond to this or any collection of information unless it displays a currently valid OMB approval number. The total estimated time for responding to this request for information, including time to read instructions and compile the information needed to respond to questions or prepare reports, is 30 minutes. Comments on the burden estimate should be sent to U.S. Small Business Administration, Chief AIB, 409 3rd St., S.W., Washington, D.C. 20416 and Desk Officer for the U.S. Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503. **PLEASE DO NOT SEND COMPLETED FORMS TO OMB.**


2018
ECONOMIC IMPACT
STUDY
HO·CHUNK
INCORPORATED

Contents

Historical Introduction
- Once a Thriving Culture with Rich Heritage 3
- A People in Poverty 3
- Indian Removal Era 4
- Breaking the Cycle 5
- Ho-Chunk, Inc. 5

Driving our Future
- In the Winnebago Community 6

Progress on the Winnebago Reservation
- Housing 8
- Education 9

Economic Impact
- Winnebago Reservation Impact 10
- Regional Impact 11

Contracting Overview
- Impact of Federal Contracts 12

1832-1865 U.S. Government **forced relocations.**

1865 **Winnebago Reservation** established in Nebraska.

1913 Two thirds of **Nebraska reservation have been lost.**

1940-1960 **Federal Policy of Termination** allows states jurisdiction over reservation lands.

1988 **Indian Gaming Regulatory Act**

1988 **SBA 8(a)** Contracting Program

1992 Winnebago Tribe launches **WinnaVegas Casino.**

1994 Winnebago Tribe launches **Ho-Chunk, Inc.** with casino profits.

2012 Ho-Chunk, Inc. exceeds **$250 million revenue.**

2016 **83% increase in Winnebago** household income since 2000.

*The goal of the Economic Impact Study was to determine the amount of economic and social impact Ho-Chunk, Inc. operations have had on the Winnebago Reservation, the state of Iowa and Nebraska, the Sioux City, Iowa metropolitan area and the tristate region.

*Finalized in late 2018, "The Economic Contributions of Ho-Chunk Inc. to Winnebago Indian Reservation, Iowa, Nebraska South Dakota and the U.S." compiled data provided by Ho-Chunk, Inc. and additional public data compiled by Goss & Associates for various economic indicators over several years since the company's launch in 1994. Ernest Goss, the principal investigator is the McAllister Chair and Professor of Economics at Creighton University in Omaha, Neb.

Historical Introduction

Once a thriving culture with rich heritage,

the Winnebago Tribe of Nebraska's unwilling journey decimated its people and identity. Generations of historical trauma has etched lasting scars endured today. Originally a Woodlands tribe, the Winnebagos (traditionally known

[illegible] hundreds of years by [illegible] Tribe originally held [illegible] migrated to Wisconsin [illegible] events began a descent to crippling poverty and despair.

Goss & Associates Impact Data

1990	Below Poverty	Unemployment	Median Income
Winnebago Reservation	43.9%	40%	$13,850
Nebraska	10.9%	2.4%	$26,016

A people in poverty

The remaining Tribal members failed to develop an economy on the reservation. Remaining land was put in trust by the Federal Government, depriving Tribal control of the land and its value. Trust lands could not be used as collateral for mortgages, investments or new development.

Joblessness, poverty and addiction plagued the reservation. By 1990, there was 40% unemployment and 43% lived below poverty. Median income on the reservation was half that of Nebraska.

Most housing was federally subsidized and income-restricted. The Winnebago Tribe was severely dependent on government welfare.

Historical Introduction

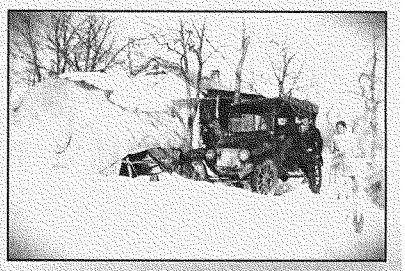
Indian Removal Era

Indian removal was a forced migration from ancestral homelands beginning with European colonization of North America, and continued by the U.S. Government and its citizens until the mid-20th century.

The U.S. Government uprooted the Winnebago Tribe five times. Finally in 1865, the surviving Winnebago were ceded a small reservation in rural northeast Nebraska.

For the next century, the Tribe struggled to survive. The relocations had stripped them of traditional ways. Without resources or governmental support, they could not sustain themselves. Children were forcibly removed to remote boarding schools where they endured a litany of abuses while giving up everything they'd known to assimilate into modern society.

The Dawes Act of 1887 divided and sold reservation lands mostly to white settlers across the U.S. Two-thirds of the Nebraska reservation was lost by 1913. Half of the Tribe then fled back to Wisconsin.



"Since we have given away our country to you, accepting your presents, and meeting you in council, we have been miserable and our tribe has diminished in strength."
– Chief Little Hill, Winnebago
Congressional Testimony, 1865

Breaking the Cycle

A new era emerged. Social movements, legislation and beliefs shifted toward Native American self-determination beginning in the 1970s. The Winnebago Tribe's self-governance and decision-making ability was seen as the key to breaking the poverty cycle.

A piece of self-determination policy, the Indian Gaming Regulatory Act, allowed the Winnebago Tribe to build a small casino on Reservation Trust Lands. The casino began generating modest revenue and providing some employment.

Tribal leaders knew gaming was not the answer to long-term self-sufficiency. The revenue, however, made starting new businesses and diversifying the Tribe's economy possible for the first time.

Ho-Chunk, Inc.

Each day's work is a step for tomorrow. Launched in 1994 with one employee and no revenue, Ho-Chunk, Inc. has grown into a diversified corporation with over a thousand employees.

Founder and CEO Lance Morgan, a Winnebago Tribal member, began the company with a dual mission – provide immediate employment using the Tribe's economic and legal advantages to grow successful businesses, and generate a sustainable, long-term income stream large enough for the Tribe to reach economic self-sufficiency.

The U.S. Small Business Administration's 8(a) Contracting Program is critical to that mission, allowing Ho-Chunk, Inc. to compete for federal contracts on a level field.

Revenue Generation

- Passive Investments
- Wholesale Distribution
- Retail
- Construction
- Information Technology
- Professional Services
- Government Contracting
- Real Estate

Job Opportunities

- Wholesale Distribution
- Retail
- Construction
- Manufacturing
- Administration

Driving Our Future

In the Winnebago Community,

Ho-Chunk, Inc. works to remove barriers and create opportunities. This approach has grown into an ecosystem of programs helping Tribal members through each stage of life.

A key priority of these programs is housing. A good home is the foundation of a good life. Yet, housing remains a critical need in the Winnebago Community. Reservation land held in trust cannot be used for mortgage collateral, and "redlining" practices have excluded Native Americans from attaining loans.

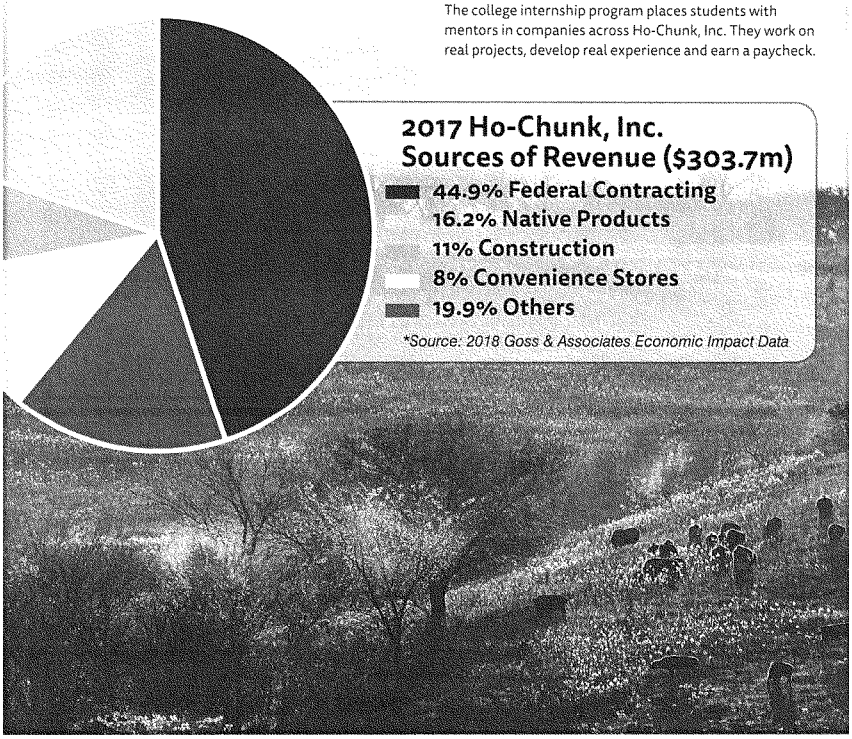
Ho-Chunk, Inc. started a pre-owned car dealership to help Tribal members build good credit, and invested in a regional bank to facilitate mortgages. Ho-Chunk, Inc.'s real estate company developed programs to educate Tribal members from budgeting to home maintenance.

As a result, more Tribal members are now realizing the dream of home ownership for the first time in the history of their family. In fact, more than $1.7 million in down payment assistance has been awarded to Tribal families since 2002, funded largely by Ho-Chunk, Inc.'s dividend to the Tribe.

Youth programs include education, scholarships and internships to help prepare Tribal members for meaningful employment at Ho-Chunk, Inc. and beyond. Investments in senior housing and donations to the Winnebago Senior Citizens Center show respect for the community's elders.

A group of young professionals – mostly Native American women – who started in the company's college internship program now help manage Ho-Chunk, Inc. Their roles include operations, accounting, human resources, government contracting, community impact and more.

The college internship program places students with mentors in companies across Ho-Chunk, Inc. They work on real projects, develop real experience and earn a paycheck.

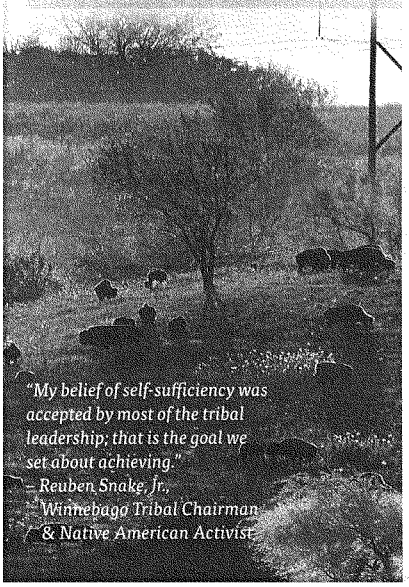


Progress on the Winnebago Indian Reservation

Household Income & Overcoming Poverty (2000-2016)

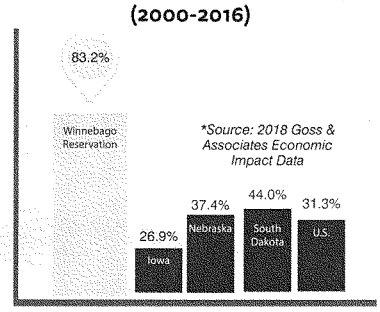
- The share of the Winnebago population on the Reservation living in poverty decreased 6% while the surrounding states all saw an increase in poverty.
- The percentage of children living in poverty fell from 44.2% to 38.6%.
- The median household income on the reservation grew 83.2%.
- The average payroll per Reservation worker soared by 167.6%.
- Every 5 jobs added by Ho-Chunk, Inc. result in approximately 1 job on the Winnebago Reservation.

*Source: 2018 Goss & Associates Economic Impact Data



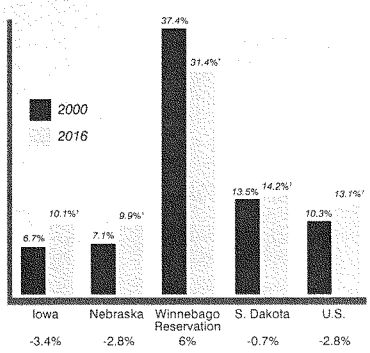
"My belief of self-sufficiency was accepted by most of the tribal leadership; that is the goal we set about achieving."
– Reuben Snake, Jr.,
Winnebago Tribal Chairman
& Native American Activist

Median Household Income Growth (2000-2016)



*Source: 2018 Goss & Associates Economic Impact Data

Poverty Rates: 2000 verses 2016



[1]Percenty of Population Living in Poverty, 2016 U.S. Census Bureau
*Source: 2018 Goss & Associates Economic Impact Data

Progress on the Winnebago Reservation

Housing

Home ownership is the best way for minorities to transfer wealth among generations. Yet that staple of the American dream has largely been unreachable for Native Americans.

Ho-Chunk, Inc. is making award-winning strides in reservation housing development. In addition to removing barriers to credit and mortgages, a master-planned community on the reservation is expanding new housing.

The 40-acre Ho-Chunk Village broke ground in 2003 and is nearly full. Infrastructure is being laid to develop an adjacent 40 acres, with the long-term plan for a total 180-acre development. This master plan provides a walkable community for Tribal members to live, shop and work.

In fact, Ho-Chunk, Inc. has pledged to raise $20 million to build 100 new housing units in 5 years. At the end of 2017 – the second full year of the pledge – 57 units were already finished.

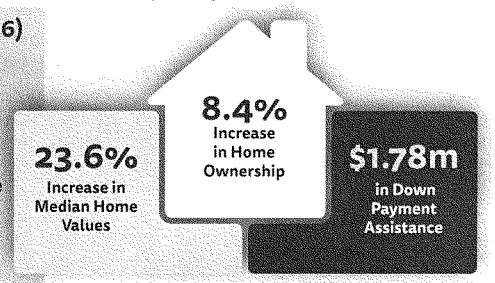
Lots in the Village are provided at no cost to Tribal members. Ho-Chunk, Inc.'s homebuilding companies sell houses at cost. Tribal members can also qualify for up to $65,000 for a down payment from the Down Payment Assistance Program largely funded by Ho-Chunk, Inc.

In addition to more Tribal members achieving home ownership, this approach has profoundly increased home valuations on the reservation, almost bringing them in line with the greater region.

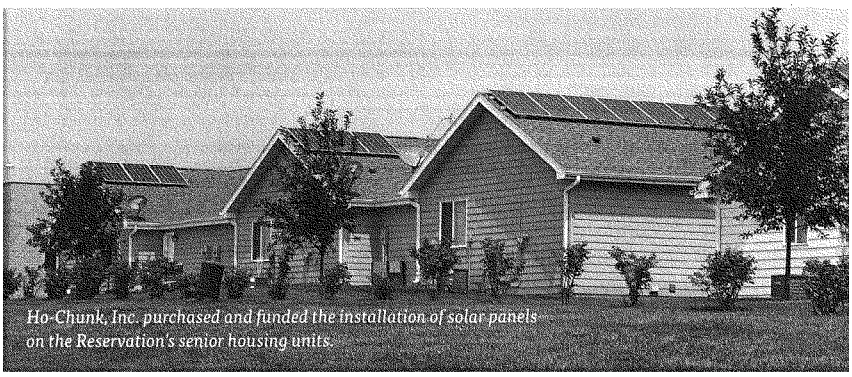
Home Ownership (2000-2016)

- **Home ownership jumped 8.4%, out-pacing the regional and national averages.**
- **Ho-Chunk, Inc. profits fund the Down Payment Assistance Program which has awarded more than $1.78 million toward the down payments on 55 new homes for Tribal members.**
- **Median home values climbed 23.6% from 2011 to 2016.**

*Source: *2018 Goss & Associates Economic Impact Data*



**Source: 2018 Goss & Associates Economic Impact Data*



Ho-Chunk, Inc. purchased and funded the installation of solar panels on the Reservation's senior housing units.

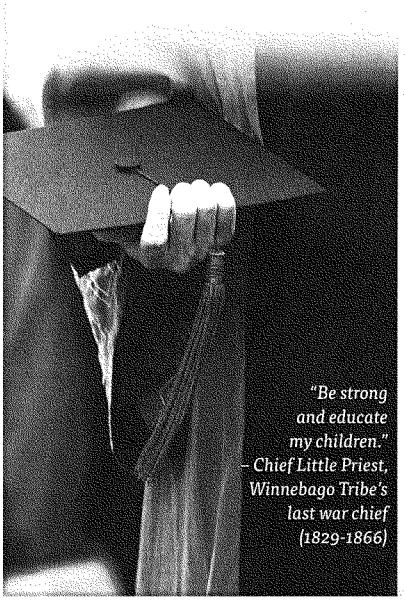
Education

The Native American population in Winnebago has attained higher education degrees at a significant rate in recent years. A record number of adults now hold a bachelor's, graduate or professional degree.

A major driver is Ho-Chunk, Inc.'s significant investments into education, scholarship and internship programs. The company's new Community Impact & Engagement Division is also strengthening collaboration with Tribal education programs and other resources.

A group of young professionals – mostly Native American women – who started in the company's college internship program now help manage Ho-Chunk, Inc. Their roles include operations, accounting, human resources, government contracting, community impact and more.

The college internship program places students with mentors in companies across Ho-Chunk, Inc. They work on real projects, develop real experience and earn a paycheck.



Impact on Education (2000-2016)

- **Enrollment in the Winnebago Public School District has increased 42.9% since 2001.**
- **High school graduation rates averaged 9.9% higher from 2012 to 2017 (80.2%) versus 2011 (70.3%).**
- **The number of adults age 25 or older with a bachelor's degree or higher increased 69.8% since 2011.**

**Source: 2018 Goss & Associates Economic Impact Data*

Improvements in Education

69.8%

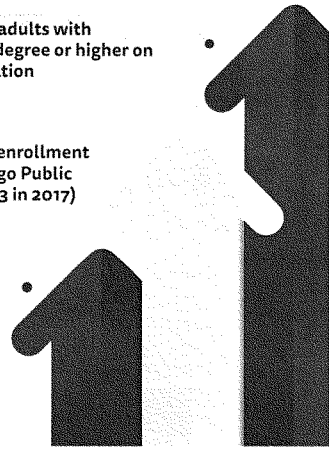
Increase of adults with Bachelor's degree or higher on the Reservation

42.9%

Increase in enrollment in Winnebago Public Schools (593 in 2017)

9.9%

Higher average high school graduation rate over the past 5 years



**Source: 2018 Goss & Associates Economic Impact Data*

Economic Impact

Winnebago Reservation Impact

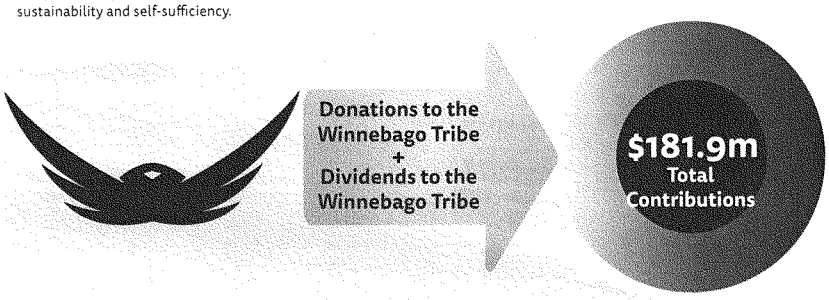
Ho-Chunk, Inc. is a model for Tribal advancement. Key indicators show the company is objectively fulfilling its social and economic missions. Significant growth factors include employment, household income, home ownership and education.

As a result, more Tribal members are emerging from poverty at a greater rate than ever before. The company's direct employment, programs, investments and partnerships work together to promote economic sustainability and self-sufficiency.

2017 Impact on the Reservation

- **$17.8 million total impact**
- **214 jobs supported**
- **$7.3 million increase to labor income**
- **$703,000 state and local taxes**

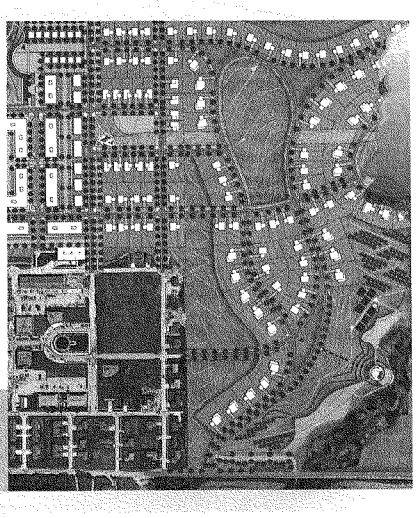
**Source: 2018 Goss & Associates Economic Impact Data*



Spending Impacts on the Reservation (2013-2017)

- **Supported an annual average of 158 jobs**
- **More than $36 million in wages and salaries**
- **More than $3.5 million impact on state and local taxes**
- **Increased sales activities by $89.9 million**

*Source: *2018 Goss & Associates Economic Impact Data*



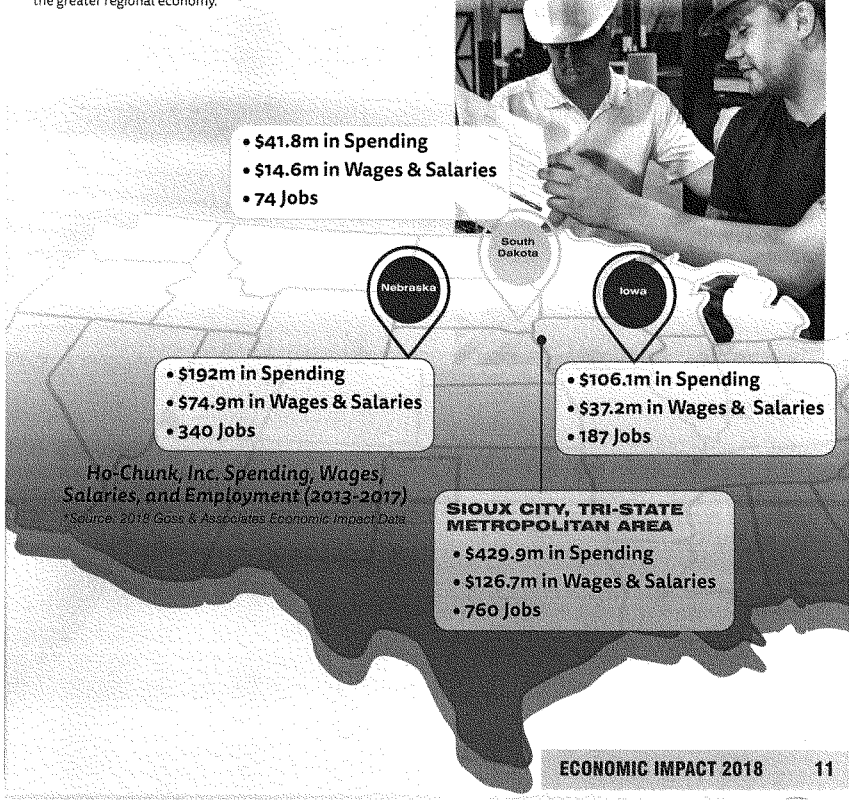
Ho-Chunk Village 2.0 will expand upon the Village Pointe subdivision. It will include modern housing, trails and green spaces.

Regional Impact

As Ho-Chunk, Inc. has grown, so has its economic impact – locally and across the tristate region of Nebraska, Iowa and South Dakota. Ho-Chunk, Inc. is now a leading regional employer and prominent developer of real estate and other capital projects.

This growth has contributed significant direct impacts, including labor income and state/local taxes, in addition to pass-through benefits from spending that ripple throughout the greater regional economy.

"Ho-Chunk, Inc. is transforming our community with investment in commercial space, historic revitalization and new construction."
– Bob Scott,
Mayor of Sioux City, IA



Ho-Chunk, Inc. Spending, Wages, Salaries, and Employment (2013-2017)
**Source: 2018 Goss & Associates Economic Impact Data*

Impact of Federal Contracts

Ho-Chunk, Inc. employees work around the clock and globe to support the U.S. military and other federal agencies in contracts awarded through the U.S. Small Business Administration's 8(a) Business Development Program.

This program is essential to quality of life in the Winnebago community. Ho-Chunk, Inc. invests its growing contracting revenues into the Tribe's priorities of youth, education, jobs, housing and elders.

Ho-Chunk, Inc. was awarded its first federal government contract in 2003. Since then, the corporation's contracting divisions – All Native Group and Flatwater Group – have successfully leveraged past performance to expand into new contracting arenas. The largest percentage of Ho-Chunk, Inc.'s business today is in federal contracting.

All Native Group and Flatwater Group each have subdivisions actively participating in the 8(a) program and holding HUBZone certifications. Flatwater Group subdivisions are also certified through the Buy Indian Program.

Growth in Awarded SBA 8(a) Contracts (2003-2017)

- **$0.74 million in 2003**
- **$77.1 million yearly average**
- **$127.1 million in 2017**

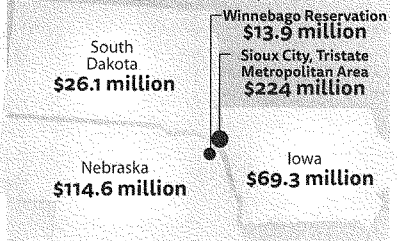
*Source: *2018 Goss & Associates Economic Impact Data*

Ho-Chunk, Inc. Impact on Sioux City Metropolitan Area by Industry

2013-2017

Industry	Output	Wages & Salaries	Employment	Gross Metro Product
Retail	$6.56 M	$3.07 M	157	$4.7M
Construction	$4.38 M	$1.36 M	29	$1.67 M
Real Estate	$3.39 M	$0.37 M	22	$2.73 M
Wholesale	$7.48 M	$4.38 M	62	$7.77 M
Healthcare	$3.15 M	$1.5 M	24	$1.86 M
Finance	$4.86 M	$1.8 M	29	$2.67 M
Other Industries	$56.19 M	$22.61 M	431	$32.37 M

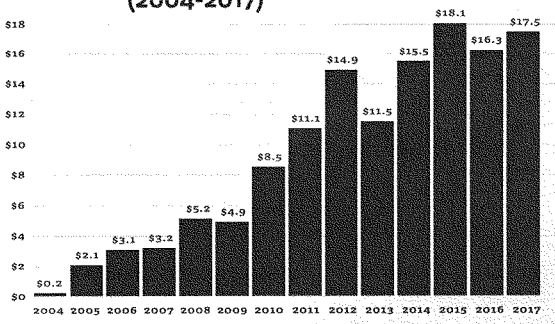
Ho-Chunk, Inc.'s SBA 8(a) Contracts' Impact on the Region (2013-2017)



$1.58 billion in output for all other states

*Source: *2018 Goss & Associates Economic Impact Data*

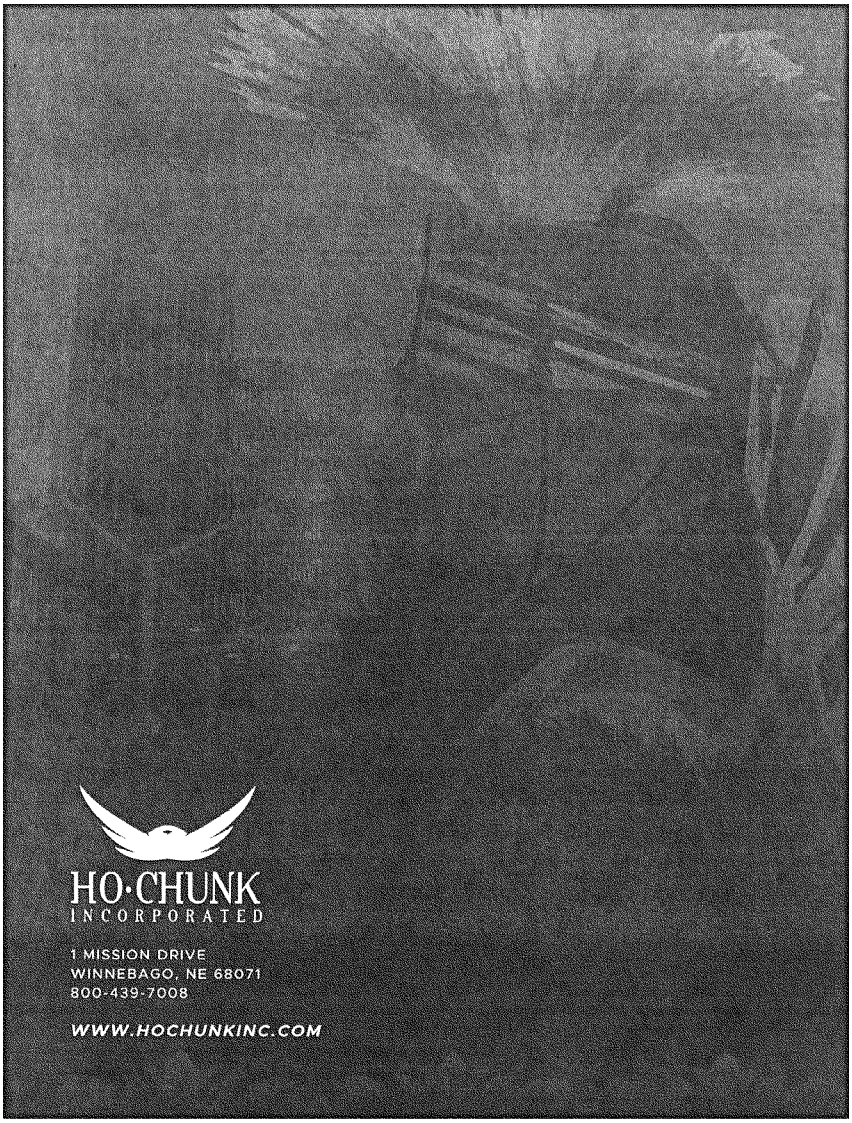
Ho-Chunk, Inc. SBA 8(a) Contracts Impact on State and Local Taxes (2004-2017)



Source: 2018 Goss & Associates Economic Impact Data

HUBZone

SBA 8(a) Certified


HO·CHUNK
INCORPORATED
1 MISSION DRIVE
WINNEBAGO, NE 68071
800-439-7008
WWW.HOCHUNKINC.COM

The Economic Contributions of Ho-Chunk, Inc. to the Winnebago Indian Reservation, Iowa, Nebraska, South Dakota and the U.S.

HO·CHUNK
INCORPORATED

Produced for Ho-Chunk, Inc.
January 23, 2019

Goss & Associates Economic Solutions

Ernest Goss, Ph.D., Principal Investigator
and Scott Strain, M.S., Senior Research Economist

A VETERAN OWNED FIRM

Table of Contents

The Economic Contributions of Ho-Chunk, Inc. to the Winnebago Indian Reservation, Iowa, Nebraska, South Dakota and the U.S.

Preface ii

Glossary. iii

Executive Summary 1

Major Findings of Study 1

Section 1: Ho-Chunk, Inc.'s Expansion Path 2010-2017 8

Section 2: Demographic and Quality-of-Life – Winnebago Indian Reservation . . 18

Section 3: The Economic Impact of Ho-Chunk, Inc. on the Community: the Village of Winnebago, Iowa 29

Appendix A: Multiplier System Overview 49

Appendix B: Schematic of Impacts 51

Appendix C: Researchers' Biographies 52

Preface

The Economic Contributions of Ho-Chunk, Inc. to the Winnebago Indian Reservation, Iowa, Nebraska, South Dakota and the U.S.

The subsequent analysis was prepared for Ho-Chunk, Inc. by Ernest Goss, Ph.D., Principal Investigator, and Scott Strain, Senior Research Economist at Goss & Associates. Findings remain the sole property of Ho-Chunk, Inc. and may not be used without prior approval of this organization. The authors' biographies are provided in Appendix C. Please address all correspondence to:

Goss & Associates, Economic Solutions, LLC

Goss & Associates
A VETERAN OWNED FIRM
Principal Investigator: Ernie Goss, Ph.D.
egoss@gossandassociates.com
ernieg@creighton.edu
www.ernestgoss.com
Creighton University[1]
Department of Economics

Scott Strain, M.S., Senior Research Economist

http://www.ernestgoss.com
The Goss Institute for Economic Research

600 17th Street, Suite 2800 South
Denver, Colorado 80202-5428
402.280.4757; 303.226.5882

Goals of the study

The goal of this study is to examine the impact of the Ho-Chunk, Inc. business operations on the states of Iowa, Nebraska and South Dakota. Additionally, this study will investigate the impact of Ho-Chunk, Inc. on the Village of Winnebago and the Native companies.[2]

Unless otherwise indicated, all estimates contained in this study are in 2018 dollars. Estimates are provided for Ho-Chunk, Inc. spending impacts on the economies of the states of Iowa, Nebraska and South Dakota. Additionally, estimates are produced for the impact of Ho-Chunk, Inc. on the Sioux City Metropolitan area economy.[3]

Using input-output multipliers, the study provides sales, earnings, and job impacts in addition to estimating the impact of the industry on yearly state and local tax collections. This study, while funded by Ho-Chunk, Inc., was developed independently of this organization. Any conclusions, findings, errors or mis-statements contained in this study are solely the responsibility of Goss & Associates, Economic Solutions.

[1] This study was completed independent of Creighton University. As such, Creighton University bears no responsibility for findings or statements by Ernie Goss and Scott Strain, or Goss & Associates, Economic Solutions.

[2] In this study, Native will be used to refer to companies owned by qualified Native Nations (i.e. American Indian Tribes).

[3] The Sioux City Metropolitan area includes the Iowa counties of Plymouth and Woodbury, the Nebraska counties of Dakota, Dixon and Thurston, and the South Dakota county of Union.

Glossary

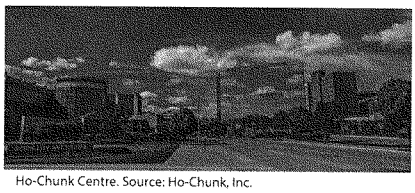
Term	Definition
Discounted	Unless stated otherwise, all financial data in this report are stated in 2018 dollars.
Direct impacts	The set of expenditures applied to the predictive model for impact analysis. For example, direct impacts include Ho-Chunk, Inc. employee wages.
HCCDC	Ho-Chunk Community Development Corporation.
Input-output analysis	A type of applied economic analysis that tracks the interdependence among various producing and consuming sectors of an economy.
Jobs supported	A job in RIMS = the annual average of monthly jobs in that industry. Thus, 1 job lasting 12 months = 2 jobs lasting 6 months, or = 3 jobs lasting 4 months each.
Labor income	Wages & salaries plus self-employment income.
Overall sales impacts, or total impacts	Amount of additional sales, including retail sales, wholesale expenditures, construction sales, etc. It is analogous to gross domestic product (GDP), but will include some double counting and will thus exceed GDP.
Private workers	All those working, excluding government workers, state, local, and federal.
Productivity growth	Growth in Gross Domestic Product (GDP) per worker.
Region and Sioux City Metropolitan area	The Sioux City Metropolitan area includes the Iowa counties of Plymouth and Woodbury, the Nebraska counties of Dakota, Dixon and Thurston, and the South Dakota county of Union.
RIMS (Regional Input-Output Multiplier System)	Using classic input-output analysis in combination with regional specific Social Accounting Matrices and Multiplier Models, RIMS provides a highly accurate and adaptable model for its users. The RIMS database contains county, state, zip code, and federal economic statistics which are specialized by region. See Appendix A for a discussion.
SBA 8(a) program	A federal business development program for small disadvantaged businesses.
Self-employment income	Income of proprietors of non-incorporated companies including attorneys, accountants and consultants.
Spillover impact	Impacts in businesses and industries tied indirectly to Ho-Chunk, Inc. spending. For example, wholesale firms that sell to Ho-Chunk, Inc. experience spillover impacts.
Wages and salaries	The total payroll cost of the employee paid by the employer. This includes wage and salary, all benefits (e.g. health, retirement, etc.) and employer paid payroll taxes, (e.g. employer side of social security, unemployment taxes, etc.).
Tribal Community	Native American residents of the Winnebago Indian Reservation.
Winnebago Indian Reservation	Most of the Reservation is within zip code 68071, but not all. There is a portion in 68067 (Nebraska) and a portion in 51055 (Iowa).
Village of Winnebago	Same as Tribal Community. Zipcode 68071.

Executive Summary

The Economic Contributions of Ho-Chunk, Inc. to the Winnebago Indian Reservation, Iowa, Nebraska, South Dakota and the U.S.

Major Findings of Study[4]

1. **Ho-Chunk, Inc. Expansion.** Since 2010, Ho-Chunk, Inc. has experienced very strong growth which allowed it to significantly raise its contribution to the Winnebago Indian Reservation. Between 2010 and 2017:
   a) Ho-Chunk, Inc. revenues expanded at a compound annual growth rate of 3.5 percent from $238.1 million in 2010 to $303.7 million in 2017.
   b) Ho-Chunk, Inc. profits advanced at a compound annual growth rate of 3.6 percent from $7.3 million in 2010 to $9.3 million in 2017.
   c) Ho-Chunk, Inc. employment on the Reservation expanded by 3.1 percent, compounded annually, to 142 in 2017.
   d) Ho-Chunk, Inc. employment of Tribal members on the reservation climbed by 2.9 percent, compounded annually, to 61 in 2017. Comparable compound employment annual growth rates were: Iowa 1.0 percent, Nebraska 1.1 percent, and South Dakota 1.1 percent.
2. **Impacts on the Sioux City MSA for 2017.** Ho-Chunk, Inc. operations generated a total impact of $86.1 million, supported 755.6 jobs, increased labor income by $35.3 million, and added $3.3 million in state and local taxes.
3. **Impacts on the Winnebago Indian Reservation for 2017.** Ho-Chunk, Inc. operations generated a total impact of $17.8 million, supported 214.4 jobs, increased labor income by $7.3 million, and added $703.0 thousand in state and local taxes.
4. **Impacts on the United States for 2017.** Ho-Chunk, Inc. operations generated a total impact of $609.4 million, supported 5,348.2 jobs, increased labor income by $250.0 million, and added $24.3 million in state and local taxes.[5]
5. **Ho-Chunk, Inc. made significant financial contributions to the Winnebago Indian Reservation.** Over the period 2010 to 2017, dividends paid to the Winnebago Tribe expanded from $1.5 million in 2010 to $1.8 million in 2017, or a compound annual growth of 2.7 percent. During this same period of time, Ho-Chunk, Inc. Reservation payroll grew from $9.0 million in 2010 to $21.6 million in 2017, or a compound annual growth of 13.3 percent. Over the full period, Ho-Chunk, Inc. paid out 23.4 percent of net income in dividends.



Ho-Chunk Centre. Source: Ho-Chunk, Inc.

[4]Unless stated otherwise, all impacts are expressed in 2018 dollars.

[5]Impacts, adjusted for inflation and growth, are recurring.

Executive Summary

1. Ho-Chunk, Inc. Contribution to Demographics. Ho-Chunk, Inc. Healthy Growth Produced Significant and Positive Impacts for the Winnebago Indian Reservation:

- Ho-Chunk, Inc. provided almost $12.9 million for infrastructure (retail and development) in the Village of Winnebago.
- Every 10 jobs added by Ho-Chunk, Inc. results in approximately 2 new jobs for the Village of Winnebago.
- Between 2000 and 2016:
  - The American Indian population on the Winnebago Indian Reservation expanded by 25.8 percent compared to a lower 7.0 percent for Iowa, 11.3 percent for Nebraska, 15.3 percent for South Dakota and 14.5 percent for U.S.
  - The share of the Winnebago Indian Reservation living in poverty sank by 6.0 percentage points, but expanded by 3.4 percentage points for Iowa, 2.8 percentage points for Nebraska, 0.7 percentage points for South Dakota, and 2.8 percentage points for the U.S.
  - Median household income rose by 83.2 percent for the Winnebago Indian Reservation, 26.9 percent for Iowa, 37.4 percent for Nebraska, 44.0 percent for South Dakota and 31.3 percent for the U.S.
  - Average payroll per worker soared by 167.6 percent for the Winnebago Indian Reservation, but increased at a much slower 57.5 percent for Iowa, 57.9 percent for Nebraska, 66.6 percent for South Dakota, and 49.3 percent for the U.S.
- Between 2002 and 2017 enrollment at the Winnebago Public School District increased 42.9 percent with enrollment for 2017 at 593 students.
- Ho-Chunk, Inc. contributions to housing:
  - Between 2000 and 2016, the percentage of persons living in owner-occupied dwellings increased by 8.4 percent for the Winnebago Indian Reservation compared to 3.7 percent for Iowa, 7.4 percent for Nebraska, 10.4 percent for South Dakota, and 7.7 percent for the U.S.
  - Between 2011 and 2016, median home values on the Reservation increased at a compound annual rate of 4.3 percent.
  - The median home value at the reservation climbed from $61,400 in 2011 to $75,900 in 2016.
  - Ho-Chunk, Inc. via the Down Payment Assistance (DPA) awarded nearly $1.8 million to members of the Winnebago Tribal community.
  - Through HCCDC (Ho-Chunk, Inc. Community Development Corporation), Ho-Chunk, Inc. supported the building of 149 housing units with contributions of $28.2 million.

Executive Summary

- Ho-Chunk, Inc. continues to contribute to Tribal members and the Reservation.
  - Over the period 2010 to 2017, dividends paid to the Winnebago Tribe of Nebraska expanded from $1.5 million in 2010 to $1.8 million in 2017, or a compound annual growth of 2.7 percent. This amounts to more than $63,000 in value for each member of the Tribal community for the period of 2010-17.
  - During this same period of time, Ho-Chunk, Inc. Reservation payroll grew from $9.0 million in 2010 to $21.6 million in 2017, or a compound annual growth of 13.3 percent.
  - In 2017, Ho-Chunk, Inc. contributed a total $181.9 million with a compound annual growth of 10.2 percent between 2010 and 2017. As listed, dividends to the Winnebago Tribe of Nebraska totaled $15.3 million from 2010 to 2017 with a compound annual growth of 2.7 percent.

II. Ho-Chunk, Inc. Economic Impacts

- Sioux City Metropolitan Area, 2013 to 2017 (Sioux City metro impacts):
  - Supported an annual average of 760.4 jobs.[6]
  - Generated $175.4 million in earnings (wages and salaries).
  - Increased sales activity by of $429.9 million.
  - Increased state and local tax revenue by $16.6 million.

III. Ho-Chunk, Inc. Economic Impact from Spending

- Winnebago Indian Reservation, 2013-17 impacts
  - Supported an annual average of 158.6 jobs.
  - Generated $36.7 million in earnings (wages and salaries).
  - Increased sales activity by $89.9 million.
  - Boosted state and local tax collections by $3.5 million.
- Ho-Chunk, Inc. SBA 8(a) contracts, U.S. 2003 to 2017 impacts.
  - Jobs supported grew from 21.2 in 2003 to 2,890.1 in 2017.
  - Earnings (wages and salaries) increased from $1.5 million in 2003 to $180.7 million in 2017.
  - Sales activity increased from $3.5 million in 2003 to $423.8 million in 2017.
- Ho-Chunk, Inc. 8(a) contracts, 2013 to 2017 (Sioux City metro impact):
  - Supported an annual average of 311.4 jobs.
  - Generated $95.1 million in earnings (wages and salaries).
  - Increased sales by $224.1 million.
  - Grew state and local tax revenue by $9.5 million.

[6]Throughout this study, jobs, wages and salaries, and sales supported or generated indicates impacts within Ho-Chunk, Inc. as well as spillover impacts in firms related to Ho-Chunk, Inc...

Executive Summary

- Ho-Chunk, Inc. charitable contributions, 2015 to 2017 (Sioux City metro impact):
  - Supported an annual average of 14.9 jobs.
  - Generated $1.1 million in earnings (wages and salaries).
  - Increased sales by $5.0 million.
  - Grew state and local tax revenue by $103,754.
- Ho-Chunk, Inc. donations to HCCDC, 2015 to 2017 (Sioux City metro impact):
  - Supported an annual average of 3.8 jobs.
  - Generated $372,492 in earnings (wages and salaries).
  - Increased sales by $1.2 million.
  - Grew state and local tax revenue by $35,655.
- Ho-Chunk, Inc. private housing investment, 2015 to 2017 (Sioux City metro impact):
  - Supported an annual average of 43.2 jobs.
  - Generated $6.1 million in earnings (wages and salaries).
  - Increased sales by $15.0 million.
  - Grew state and local tax revenue by $577,900.
- Ho-Chunk Village investment, 2015 to 2017 (Sioux City metro impact):

  Supported an annual average of 27.9 jobs.
  - Generated $4.0 million in earnings (wages and salaries).
  - Increased sales by $9.7 million.
  - Grew state and local tax revenue by $375,233.
- Ho-Chunk Farms – agricultural payment inflows, 2015 to 2017 (Sioux City metro impact):
  - Supported an annual average of 3.4 jobs.
  - Generated $461,455 in earnings (wages and salaries).
  - Increased sales by $1.6 million.
  - Grew state and local tax revenue by $44,170.
- Ho-Chunk, Inc. renewable energy investment (Sioux City metro annual impact):
  - Supports 14.0 jobs.
  - Generates $855,956 in earnings (wages and salaries).
  - Increases sales by $2.7 million.

Executive Summary

IV. Summary of impacts on Sioux City MSA

Figures X1 – X3 summarize the impacts on the Sioux City MSA.

Figure X1: Total impact (in millions 2018 dollars) of Ho-Chunk, Inc. on Sioux City MSA, 2013-17

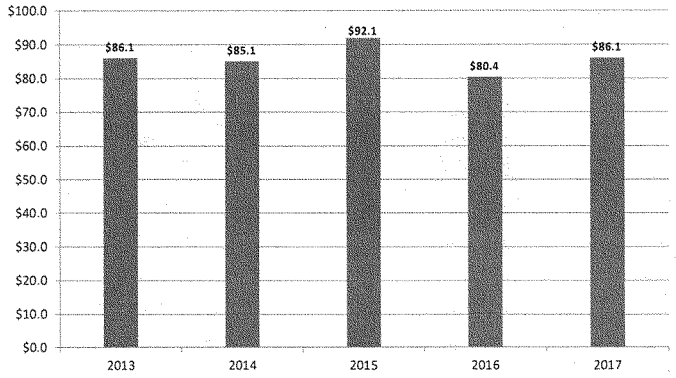
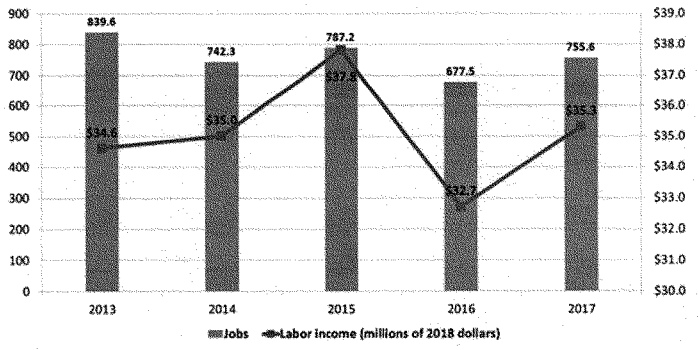
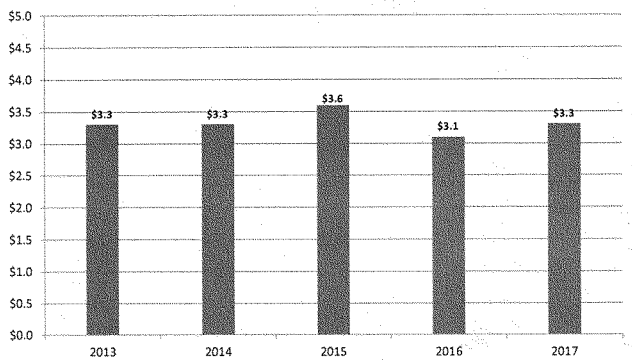


Figure X2: Job and labor income (in millions 2018 dollars) impact of Ho-Chunk, Inc. on Sioux City MSA, 2013-17



Executive Summary

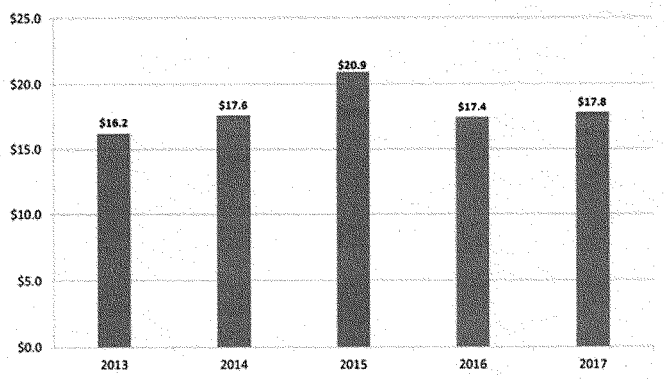
Figure X3: State and local tax impacts (in millions of 2018 dollars) of Ho-Chunk, Inc. on the Sioux City MSA, 2013-17



V. Summary of Impacts on the Reservation

Figures X4 – X6 summarize the economic impacts on the Winnebago Indian Reservation.

Figure X4: Total impact (in millions 2018 dollars) of Ho-Chunk, Inc. on Reservation, 2013-17



Executive Summary

Figure X5: Job and labor income (in millions 2018 dollars) impact of Ho-Chunk, Inc. on the Reservation, 2013-17

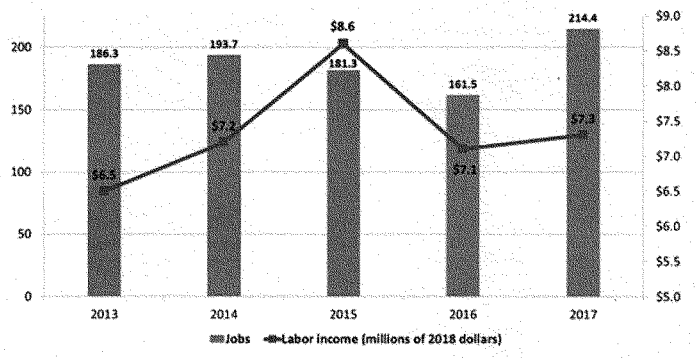
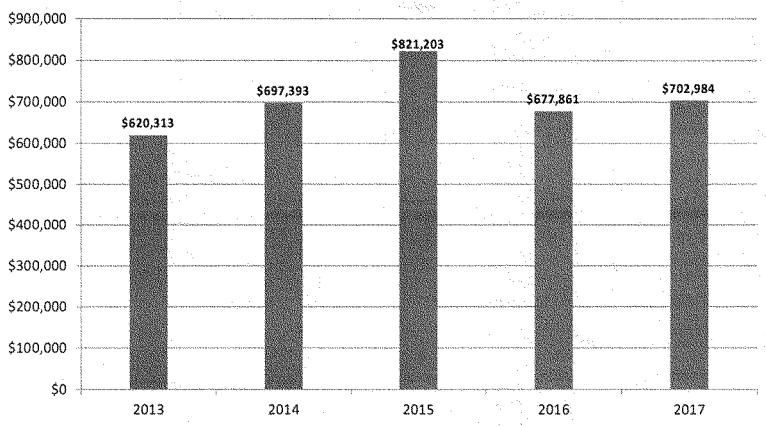


Figure X6: State and local tax impacts (in 2018 dollars) of Ho-Chunk, Inc. on the Reservation, 2013-17



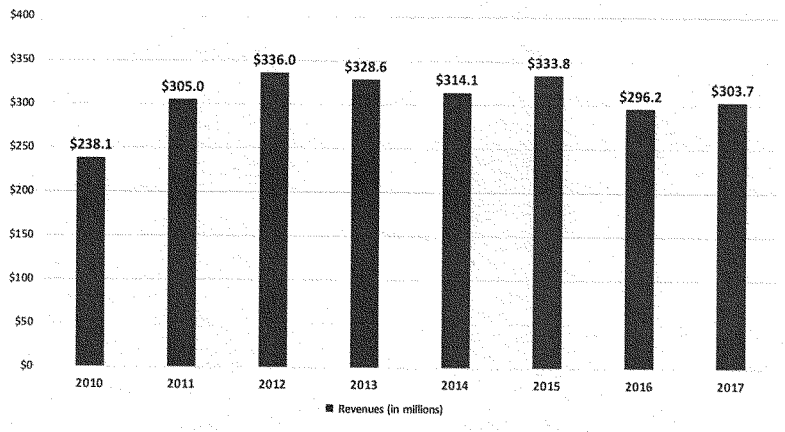
Section 1: Ho-Chunk, Inc.'s Expansion Path, 2010-2017

Introduction

Ho-Chunk, Inc. is a "...Tribal conglomerate with multiple operating companies across a broad range of business areas."[7] In 2017, Ho-Chunk, Inc. earned $9.3 million which was 3.6 percent higher than earnings for 2010. Figure 1.1 shows the trend in Ho-Chunk, Inc. revenues from 2010 to 2017. As listed, revenues expanded at a compound annual growth rate of 3.5 percent from $238.1 million in 2010 to $303.7 million in 2017.

Table 1.1 divides 2017 Ho-Chunk, Inc. revenues by source. As shown, government contracting, both services and products, represented 44.9 percent of Ho-Chunk, Inc. 2017 revenues. Native American product revenues accounted for 16.2 percent of Ho-Chunk, Inc.'s 2017 revenues.

Figure 1.1: Ho-Chunk, Inc. total revenues (in millions), 2010-17



Government contracting, both services and products, represented 44.9 percent of Ho-Chunk, Inc.'s 2017 revenues. Ho-Chunk Inc.'s Native American products revenues accounted for 16.2 percent of Ho-Chunk, Inc.'s 2017 revenues.

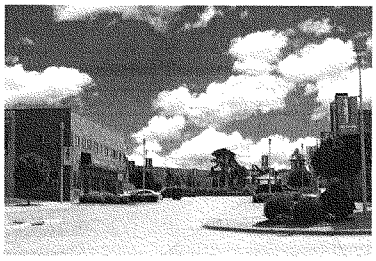
[7]Throughout this study, the Village of Winnebago is defined as Zipcode 68071.

Table 1.1: Source of Ho-Chunk, Inc. revenues, 2017

Source	Total	Percent of Total
Government Contracting - Services	$106,420,280	35.0%
Native American Products	$49,286,230	16.2%
Construction Services	$33,484,705	11.0%
Government Contracting - Products	$30,040,925	9.9%
Convenience Store	$24,303,928	8.0%
Fuel Distribution	$18,311,412	6.0%
Transportation Brokerage	$15,068,439	5.0%
Residential and Commercial Rental	$8,865,114	2.9%
Support Services	$8,155,828	2.7%
Wholesale Distribution - Metal	$4,326,981	1.4%
Marketing	$2,659,118	0.9%
Farming	$1,468,583	0.5%
Vehicle Dealership	$1,124,831	0.4%
Wholesale Distribution - Grocery	$91,356	0.0%
Warehousing	$55,200	0.0%
Escrow Agency	$48,917	0.0%
Other	$1,337	0.0%
Total 2017	**$303,713,184**	**100.0%**

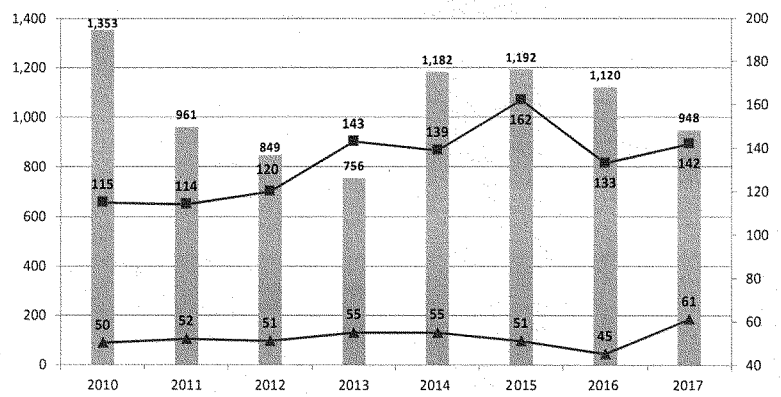
Source: Ho-Chunk, Inc. financials, 2017

During this same period of time, Ho-Chunk, Inc. employment on the reservation expanded by 3.1 percent, compounded annually, to 142 in 2017 and Tribal members on the reservation by 2.9 percent, compounded annually, to 61 in 2017. Comparable compound annual growth rates for Iowa employment 1.0 percent, for Nebraska employment of 1.1 percent and South Dakota of 1.1 percent.



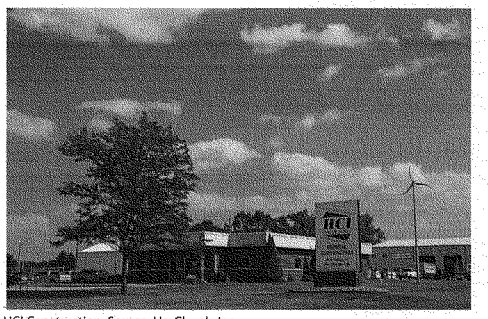
Ho-Chunk Village Main Street. Source: Ho-Chunk, Inc.

Figure 1.2: SBA 8(a) contracts for fiscal years 2010-17



Source: U.S. Federal Procurement Data System

Table 1.2: Compound annual employment growth, 2010-17	
	Compound annual growth
Iowa	1.0%
Nebraska	1.1%
South Dakota	1.1%
Ho-Chunk, Inc. employees on Reservation	3.1%
Ho-Chunk, Inc. Tribal employees on Reservation	2.9%
Source: Ho-Chunk, Inc. and U.S. Bureau of Labor Statistics	

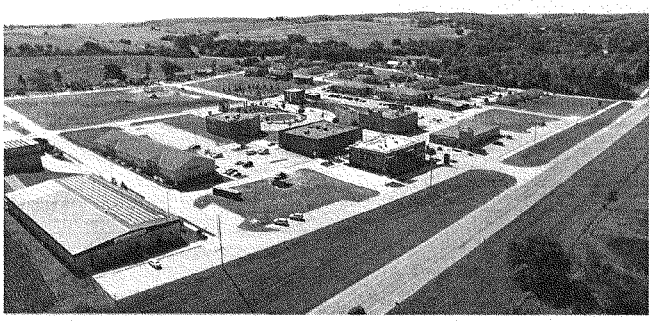


HCI Construction. Source: Ho-Chunk, Inc.

Table 1.3: Ho-Chunk, Inc. timeline, 1994-2018

Date	Event
1994	Began operations
1996	Revenues surpass $1 million
2000	Revenues surpass $20 million
2003	Ho-Chunk, Inc. Village created
2005	Employed 123 Native employees
2005	SBA 8(a) contracts exceed $31 million
2005	Revenues surpass $110 million
2011	Revenues surpass $225 million
2012	Ho-Chunk, Inc. Real Estate began assisting Tribal members with home buying
2012	Purchased Atokad Park, a horse racetrack in South Sioux City, NE
2013	Revenues surpass $250 million
2013	Dynamic Homes' most successful year with 195 living units sold
2014	SBA 8(a) contracts exceed $114 million
2014	Employs 1,193 employees
2014	Pays more than $2 million in dividends to Winnebago Tribe of Nebraska
2016	Began construction of Flatwater Crossing in South Sioux City, Nebraska
2016	Phase one of Virginia Square in Sioux City, Iowa is opened
2017	Launched Community Impact and Engagement Division
2018	Planning began for 40 acre Ho-Chunk Village expansion

Sources: Ho-Chunk, Inc. financials and Annual Reports



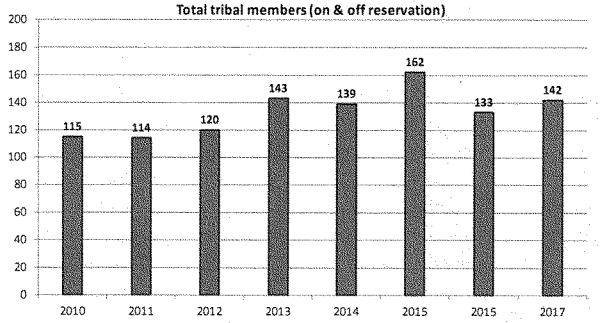
Ho-Chunk Village. Source: Ho-Chunk, Inc.

Ho-Chunk, Inc. Success has Benefited Tribal Members

Since its founding in 1994, Ho-Chunk, Inc. has expanded its employment of Native Americans. Figure 1.3 shows that progress from 2010 to 2017. As presented, Ho-Chunk, Inc. employment of Native Americans rose at an annual compound rate of 18.3 percent and stood at 142 in 2017.

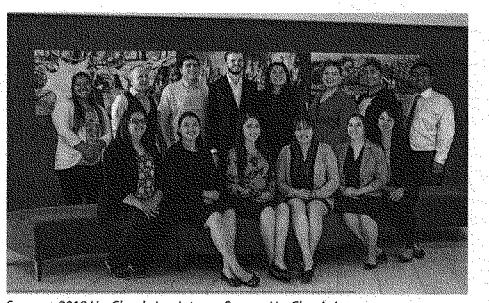
In 2003, Ho-Chunk, Inc. created Ho-Chunk, Inc. Village, a master planned community featuring a modern mixed-use residential, commercial and industrial development. This development has been a centerpiece of employment, quality-of-life, educational and demographic growth for the Village of Winnebago.

Figure 1.3: Ho-Chunk, Inc. employment of Natives, 2010-2017



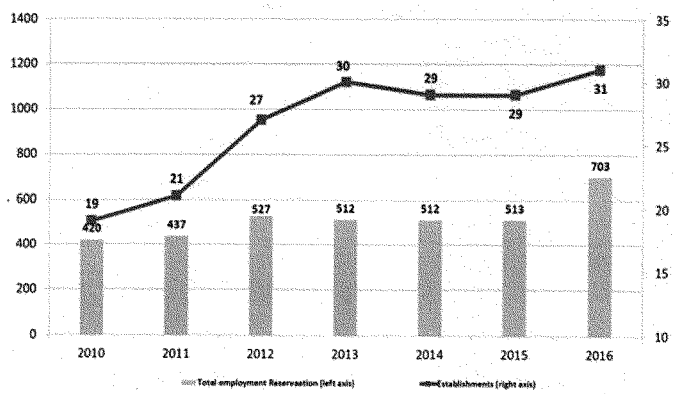
Source: Ho-Chunk, Inc.

The latest U.S. Census data show that total employment on the reservation rose from 420 individuals in 2010 to 703 in 2017 for an annual compound growth rate of 9.0 percent. During this time period, the number of private businesses located on the reservation advanced from 19 in 2010 to 31 in 2017 for an annual compound growth rate of 8.5 percent. Figure 1.4 profiles this growth.



Summer 2018 Ho-Chunk, Inc. Interns. Source: Ho-Chunk, Inc.

Figure 1.4: Reservation employment & number of establishments, 2010-16



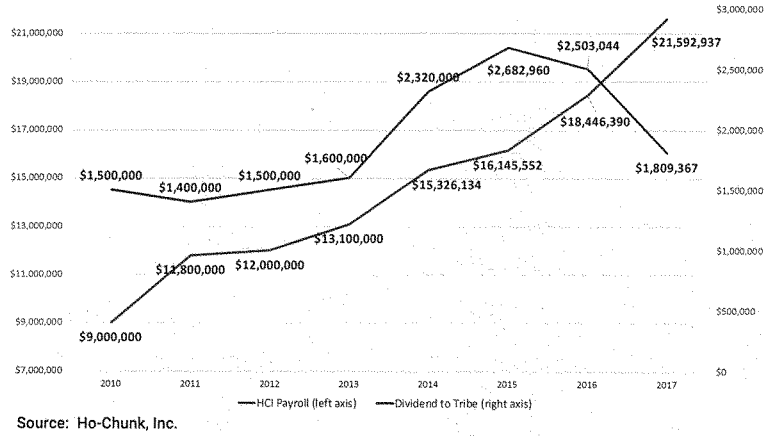
Source: U.S. Census Bureau (2017 data are not available at the time of this study)

Dividends and other contributions to the Tribe. In addition to employing Native Americans, Ho-Chunk, Inc. has, each year, paid dividends to theWinnebago Tribe, even during periods when there was a net loss for Ho-Chunk. Figure 1.5 shows Ho-Chunk, Inc. dividends and payroll over the period 2010-17. Over the period 2010 to 2017, dividends paid to the Winnebago Tribe expanded from $1.5 million in 2010 to $1.8 million in 2017, or a compound annual growth of 2.7 percent. During this same period of time, Ho-Chunk, Inc. Reservation payroll grew from $9.0 million in 2010 to $21.6 million in 2017, or a compound annual growth of 13.3 percent. Over the full period, Ho-Chunk, Inc. paid out 23.4 percent of net income in dividends. While this is slightly below the 30.2 percent average for the S&P 500, it is higher than companies that have been in business less than 20 years.[8]

> Over the period 2010 to 2017, dividends paid to the Winnebago Tribe of Nebraska expanded from $1.5 million in 2010 to $1.8 million in 2017, or a compound annual growth of 2.7 percent.

[8]Approximately 84% of S&P 500 companies paid a dividend in 2014 with the average percentage of earnings paid out in dividends of 32.2 percent. http://www.factset.com/websitefiles/PDFs/dividend/dividend_3.17.15

Figure 1.5: Ho-Chunk, Inc. reservation payroll and dividends to Tribe, 2010-17



Source: Ho-Chunk, Inc.

In addition to dividend payments, Ho-Chunk, Inc. makes consistent donations to the Ho-Chunk Community Development Corporation (HCCDC). HCCDC provides services to Native Americans in Thurston County, Nebraska. The Winnebago Tribe formed and partners with HCCDC. The mission of HCCDC is to improve the socio-economic and educational levels of Native American communities and the people of Thurston County in Nebraska. This is accomplished via providing employment opportunities, expanding entrepreneurial prospects, and identifying and meshing public and private resources for community development. Additionally, HCCDC expands housing opportunities for low-income persons and families in the service area.[9]

Table 1.4 lists Ho-Chunk, Inc.'s contributions to the Tribal community from 2010 to 2017. As presented, Ho-Chunk, Inc. contributed to the Reservation a total $181.9 million with a compound annual growth of 10.2 percent over the period. This amounts to more than $63,000 for each member of the Tribal community for the period of 2010-17. As listed, dividends to Winnebago Tribe of Nebraska totaled $15.3 million from 2010 to 2017 with a compound annual growth of 2.7 percent.

In addition to dividend payments, Ho-Chunk, Inc. makes consistent donations to the Ho-Chunk Community Development Corporation

[9]Ho-Chunk Community Development Corporation was formed on December 8, 2000 and designated by the Internal Revenue Service on August 13, 2001 as a 501(c)(3) non-profit corporation. http://www.hochunkcdc.org/

Table 1.4 Ho-Chunk, Inc. contribution to Tribal community (in millions) 2010-17

Year	2010	2011	2012	2013	2014	2015	2016	2017	Total 2010-17	Annual Growth 2010-17
Total Payroll	$9.0	$11.8	$12.0	$13.1	$15.3	$16.1	$18.4	$21.6	$117.4	13.3%
Dividend to Tribe	$1.5	$1.4	$1.5	$1.6	$2.3	$2.7	$2.5	$1.8	$15.3	2.7%
Tax Revenues	$0.6	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4	$1.0	$4.1	7.8%
Ho-Chunk, Inc. Donations to HCCDC	$0.1	$0.1	$0.1	$0.0	$0.3	$0.2	$0.2	$16.2	$17.1	106.9%
Ho-Chunk, Inc. donations to Tribal Community	$0.1	$0.1	$0.0	$0.1	$0.2	$0.2	$0.1	$0.2	$1.0	3.3%
Funds Raised by HCCDC	$10.0*	$2.5	$0.5	$1.5	$1.8	$0.7	$1.3	$1.4	$19.7	-24.8%
Educare	$0.0	$0.0	$0.0	$5.1	$0.0	$0.0	$0.0	$0.0	$5.1	n.a.
Educare NMTC	$0.0	$0.0	$0.0	$2.3	$0.0	$0.0	$0.0	$0.0	$2.3	n.a.
Total Community Impact	**$21.3**	**$16.2**	**$14.5**	**$24.1**	**$20.3**	**$20.3**	**$23.0**	**$42.2**	**$181.9**	**10.2%**

Source: Ho-Chunk, Inc.
*Includes contributions to build Educare Winnebago

A significant portion of the Tribal contributions were generated from Section 8(a) contracts.[10] Each year since qualifying for the first awards in 2003, Ho-Chunk, Inc. has successfully sought and received a growing proportion of the U.S. total awards.

About the SBA 8(a) Program

The Small Business Administration's 8(a) program (hereafter referred to as the 8(a) program) is part of the Small Business Act. It helps small businesses owned by socially and economically disadvantage people or entities to successfully compete in the federal government contracting marketplace by providing access to resources needed to develop and grow their businesses. The 8(a) program helps eligible businesses to compete on a level playing field with other better funded businesses in the marketplace with a longer history of performance. The goal of the federal government is to award at least 5 percent of all federal contracting dollars to small disadvantaged businesses annually.

The 8(a) program helps eligible businesses with the contracting issue of past performance. This issue biases contracting decisions against startup and younger companies. Typically, federal agencies consider past performance before entering into a contract with a company. The 8(a) program helps eligible businesses build a performance record and capacity to succeed both within and beyond the 8(a) program. The 8(a) program encourages federal agencies to contract with eligible businesses and to form mentor/protégé relationships with eligible companies.

The principal terms of contracting under Section 8(a) are:

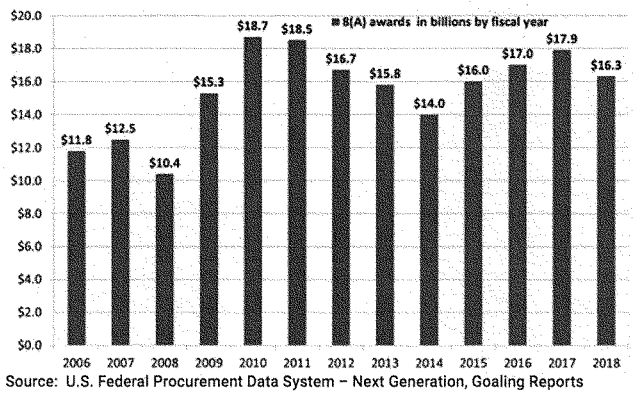
(1) The corporation/business must qualify as a small business under size standards
(2) The corporation/business must graduate the Section 8(a) program after 9 years
(3) Contracts are subject to challenge on price
(4) Contracts are subject to challenge on competency
(5) No less than 50 percent of the business must be performed by the 8(a) company
(6) Sole-source contracts are limited to $3 million ($5 million in the manufacturing sector)
(7) The contract must be completed whenever possible before sole-sourcing
(8) The company must be at least 51 percent owned and controlled by U.S. citizens who are economically and socially disadvantaged

[10]For this study, the region is defined as the states of Iowa, Nebraska and South Dakota.

According to the Small Business Goaling Report (Federal Procurement Data System – Next Generation), small business contracts through the 8(a) program totaled just over $16 billion in fiscal year 2018, representing approximately 3.9 percent of the total dollar amount of federal procurement small business contracts for the year.

Figure 1.6 profiles total Section 8(a) contract awards between fiscal year 2006 and fiscal year 2018. Since 2006 (FY) small businesses have utilized the 8(a) program to receive more than $200.9 billion worth of contracts. The peak, since fiscal year 2006, in the amount of contract dollars under the 8(a) program occurred in fiscal year 2010 at $18.7 billion. Between fiscal years 2010 and 2014 the 8(a) program has experienced four consecutive annual declines in the total contract dollars amount.

Figure 1.6: Section 8(a): Value of Awards, Annual (in billions), 2006-18



Source: U.S. Federal Procurement Data System – Next Generation, Goaling Reports

The SBA makes a distinction between Native Enterprises (American Indian tribal companies, Alaska Native corporations and Native Hawaiian organizations) and other businesses in the 8(a) program. The program recognizes the unique structure of Native Enterprises and the communities they serve. Profits from Native Enterprise 8(a) companies benefit the community in the form of dividends, social and cultural programs, scholarships and internships, elders' trust funds, and other benefits unique to each community.

In recognition of the social and economic challenges faced by Native Enterprises and their communities, the 8(a) program exempts Native Enterprises from the sole-sourcing limitation and from affiliation limitations. The 8(a) program offers a hand-up to native peoples, helping to improve their lives by growing businesses and leaders that benefit Native communities.

SBA 8(a) Program: Ho-Chunk Inc. Relative Performance

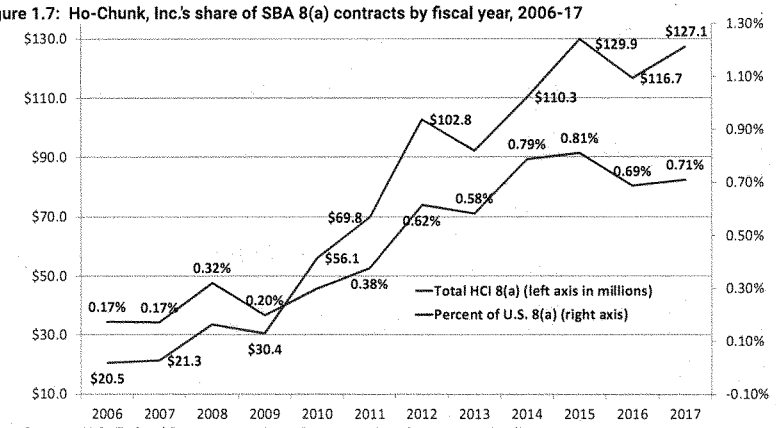
Ho-Chunk Inc. has experienced tremendous growth in contract awards through the Small Business Administration's Section 8(a) program. Ho-Chunk, Inc. received contracts worth a total of $743,744 in 2003. Annual contract amounts through the program have trended upwards over the 15-year period, with Ho-Chunk, Inc. receiving $127.1million in contract awards for 2018. Ho-Chunk, Inc.'s average annual contract during this period of time was $77.1 million.

During the 9-year period for which comparative data are available from the Small Business Goaling Reports, 2006 to 2018 (2005FY to 2013FY from the procurement reports), Ho-Chunk, Inc. received more than $924 million worth of federal procurement contracts, averaging over $54 million per annum. The 8(a) program awarded over $133 billion in contracts during the same time period, averaging over $14 billion per year.

Over the13-year span, total 8(a) contract amounts grew by 828.6 percent.

Between 2006 and 2017, Ho-Chunk, Inc.'s share of the value of federal procurement contracts in the 8(a) program has grown from more than four-fold, from 0.17 percent in 2006 to 0.71 percent in 2017. Figure 1.7 provides Ho-Chunk, Inc. 8(a) awards as well as Ho-Chunk, Inc.'s share of total U.S. 8(a) awards.

Figure 1.7: Ho-Chunk, Inc.'s share of SBA 8(a) contracts by fiscal year, 2006-17



Source: U.S. Federal Procurement Data System – Next Generation, Goaling Reports

Data from Figures 1.6 and 1.7 show that total U.S. SBA 8(a) awards rose by an annual compound rate of 3.9 percent from $11.8 billion in 2006 to $17.9 billion in 2017. During this same period of time Ho-Chunk, Inc. SBA 8(a) awards expanded by a much stronger 18.0 percent compounded annually from $20.5 million in 2006 to $127.1 million in 2017.

> Between fiscal 2006 and 2017, Ho-Chunk, Inc.'s share of the value of federal procurement contracts in the 8(a) program has grown four-fold from 0.17 percent in 2006 to 0.71 percent in 2017.

In fiscal year 2017, three federal agencies account for 76.9 percent of the total value of Ho-Chunk, Inc.'s 8(a) contracts; Ho-Chunk, Inc. received awards worth $42.9 million from The Department of State (37.5 percent of total contracts); $23.9 million from The Department of the Air Force (21.0 percent) and $21.0 million from The Department of the Army (18.4 percent).

Summary

Data in this section show the growing importance of Ho-Chunk, Inc. to the region and to the Winnebago Indian Reservation. Furthermore, data show that this growth has had a positive impact on hiring of Native Americans. The next two sections quantify these impacts.

Section 2: Demographic and Quality-of-Life – Winnebago Indian Reservation

Introduction

Ho-Chunk, Inc. continues to drive economic activity on the Winnebago Indian Reservation. This activity has had positive economic and social impact. We can see the positive social impact on the reservation in a number of demographic and quality-of-life measures. These measures include business dynamics, population growth, income growth, poverty status, home ownership rates, educational attainment, and labor market indicators.

Business Development

Business activity in the Village of Winnebago[11] has posted solid growth since Ho-Chunk, Inc. began operations. The Village has seen growth in annual payrolls, the number of establishments that employed workers, and the number of paid workers.

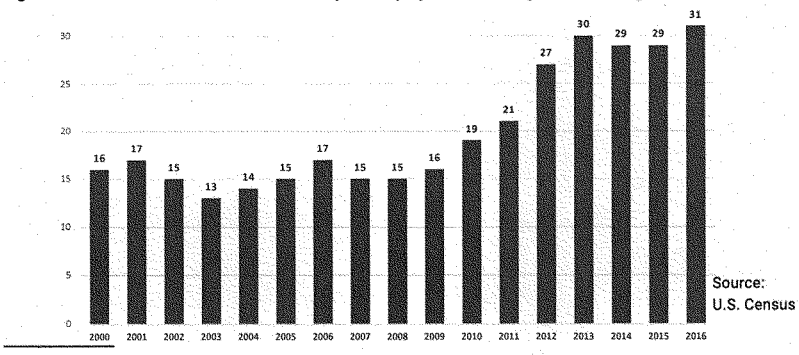
Number of private companies. For the 16 years ending in 2016, the number of business establishment that employ paid workers in Winnebago Village grew by 93.8 percent to 31 establishments in 2016. During this same period of time, the number of private business establishments increased by 9.4 percent for the State of Nebraska (not displayed).

Total annual payrolls grew by 473.6 percent, from approximately $6.8 million in 2000 to nearly $39 million in 2016. The number of paid employees grew by 114.3 percent during the same time period, from 328 workers to 703 workers. Average payrolls increased from $20,659 to $55,292, a 167.6 percent increase.

Figure 2.1 shows the upward trend in the number of private companies operating in the Village of Winnebago. As indicated, the number of private businesses operating in the Village of Winnebago rose from 16 in 2000 to 31 in 2016. Data indicate that the U.S. recession in 2001 and 2007-08 had a negative impact on business development, otherwise the trend was positive.

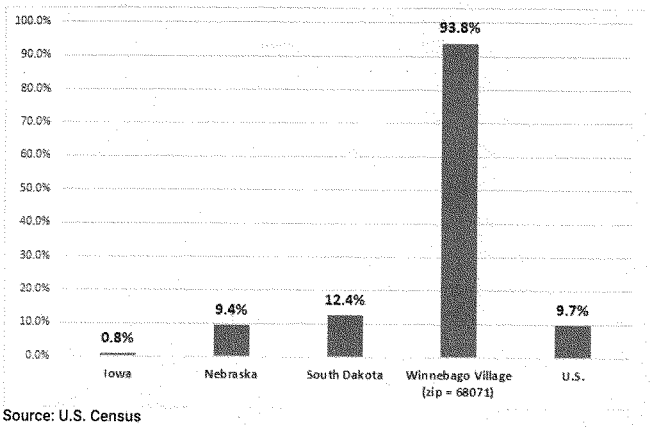
Figure 2.2 lists growth rates for the number of business establishments from 2000 to 2016 among the comparison group further emphasizing the strength of the Village of Winnebago and by extension the importance of Ho-Chunk, Inc. to community growth with the Village of Winnebago business establishment growth at 10 times that of Nebraska and the U.S. and more than 7 times that of South Dakota. The number of private business establishments in Iowa increased a modest 0.8 percent between 2000 and 2016.

Figure 2.1: Number of establishments with paid employees: the Village of Winnebago



[11]Throughout this study, the Village of Winnebago is defined as Zipcode 68071.

Figure 2.2: Growth rate in the number of business establishments, 2000-16

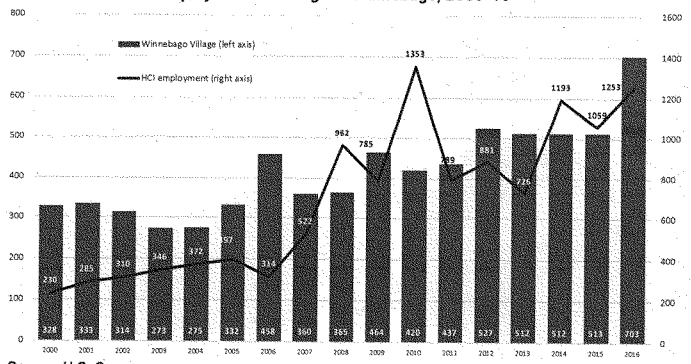


Source: U.S. Census

The number of paid private employees. Figure 2.3 shows the upward trend in both Winnebago private employment and Ho-Chunk, Inc. employment from 2000 to 2016. As shown, Winnebago jobs expanded from 328 in 2000 to 703 in 2016 while Ho-Chunk, Inc. employment advanced from 230 in 2000 to 1,253 in 2016. A regression analysis reveals every 10 jobs added by Ho-Chunk, Inc. results in approximately 2 new jobs for the Village of Winnebago.[12]

Figure 2.4 compares growth rates for the different areas. As shown between 2000 and 2016, the Village of Winnebago employment growth was approximately 16 times that of Iowa, more than six times that of Nebraska and South Dakota and 10 times that of the U.S.

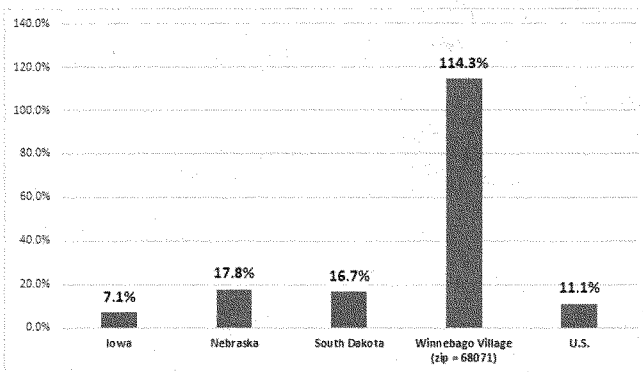
Figure 2.3: Number of Paid Employees: the Village of Winnebago, 2000-16



Source: U.S. Census

[12]Winnebago jobs = 0.21606 * Ho-Chunk, Inc. Employment; R2 = 0.47; p-value for coefficient = 0.001407 (results available on request from Goss & Associates).

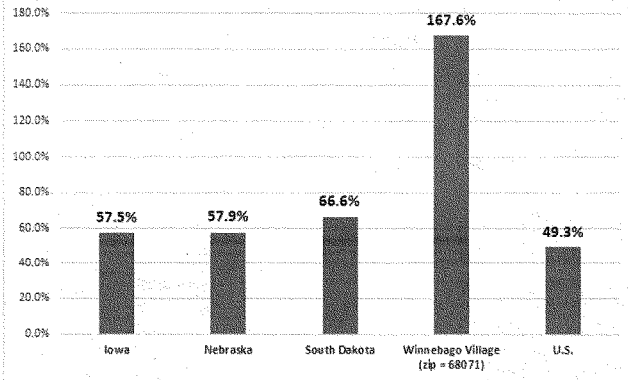
Figure 2.4: Growth rate in the number of paid workers, 2000-16



Source: U.S. Census

Average pay per worker. Employee compensation is a prime factor used to gauge the quality of jobs. Figure 2.5 shows the growth rates in average pay per private job again indicating much healthier growth for the Village of Winnebago than the comparison areas. Data indicate that average pay for the Village of Winnebago expanded by between 2.5 and 3.5 times that of the comparison states and the U.S.

Figure 2.5: Payroll per worker growth, 2000-16



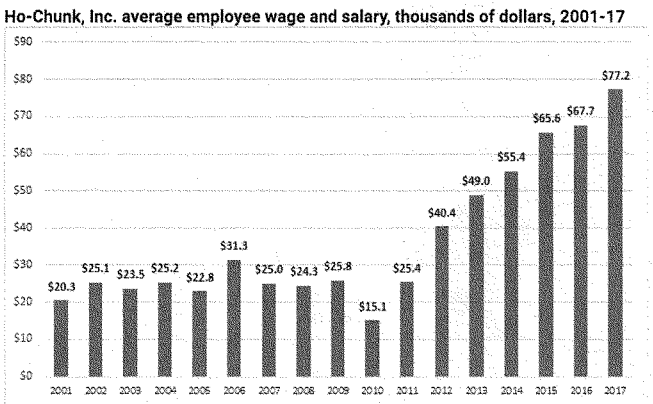
Source: U.S. Census

Data indicate that average pay for the Village of Winnebago expanded by between 2.5 and 3.5 times

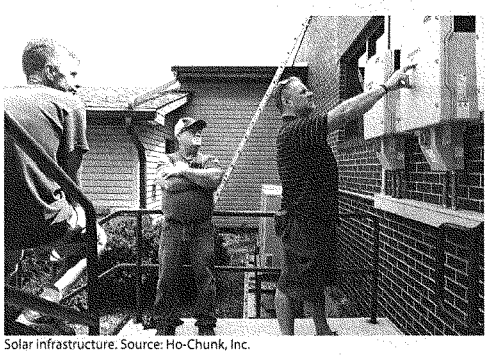
Data for self-employed workers is available at the county level. For the ten years ending in 2016, the number of self-employed firms in Thurston County increased by 15.7 percent to 288 establishments. Annual sales revenue for self-employed firms grew from just under $8 million per year in 2006 to over $12 million in 2016. The top five sectors, by number of establishments, for the self-employed in 2016 were Retail (29 establishments), Professional, Scientific and Technical Services (20), Real Estate (19), Transportation and Warehousing (18) and Construction (14). Transportation and Warehousing leads all sectors in terms of sales revenue in 2016, with approximately $1.6 million in annual sales.

Using average employee earnings as a measure of productivity, we find Ho-Chunk, Inc. employee productivity has grown at a tremendous pace during the 2001 to 2017 time period. Ho-Chunk, Inc. labor productivity increased by 280.3 percent to $77,200 per worker in 2017. Figure 2.6 presents labor productivity data for Ho-Chunk, Inc. from 2001 to 2017.

Figure 2.6: Ho-Chunk, Inc. average employee wage and salary, thousands of dollars, 2001-17



Source: Ho-Chunk, Inc.



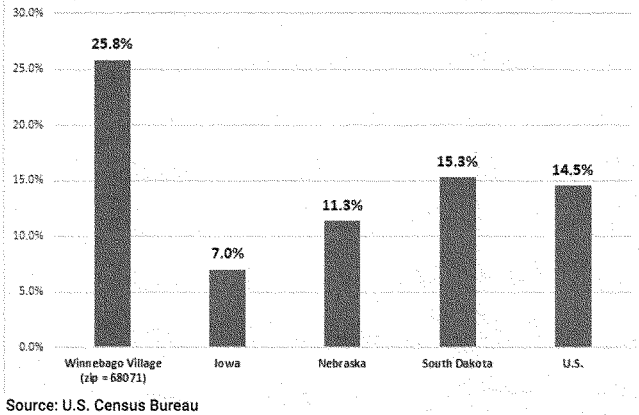
Solar infrastructure. Source: Ho-Chunk, Inc.

Demographic Data for the Village of Winnebago

Population. The Winnebago Indian Reservation total population grew at a modest 10.8 percent from 2000 to 2016; however, the American Indian or Native population grew at a robust 25.8 percent during the same time period.

According to the American Community Survey (U.S. Census), the American Indian population at the reservation now stands at 1,821 individuals. The same source estimates the 2016 total population, Natives and Non-Natives, for the reservation at 2,867. Figure 2.7 compares population growth rates from 2000 to 2016 for the Native population at Winnebago, Iowa, Nebraska, South Dakota and the U.S.

Figure 2.7: Population Growth, Winnebago Native, Iowa, Nebraska, South Dakota, U.S., 2000-16



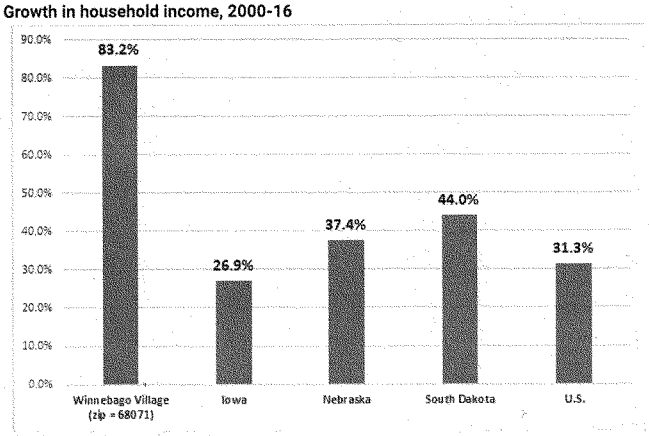
Source: U.S. Census Bureau

Income. Income growth at the Winnebago Indian Reservation has grown at a solid rate since 2000. Figure 2.8 shows these strong gains. The median household income for all households at the Winnebago Indian Reservation grew 83.2 percent from $24,671 in 2000 to $45,200 in 2016. During this same period of time by comparison household income for Iowa expanded by 26.9 percent from $42,993 to $54,570; Nebraska advanced by 37.4 percent from $39,574 to $54,384; South Dakota climbed by 44.0 percent from $36,172 to $52,078; and U.S. rose by 31.3 percent from $42,148 to $55,322.

The median household income for all households at the Winnebago Indian Reservation grew 83.2 percent from $24,671 in 2000 to $45,200 in 2016.

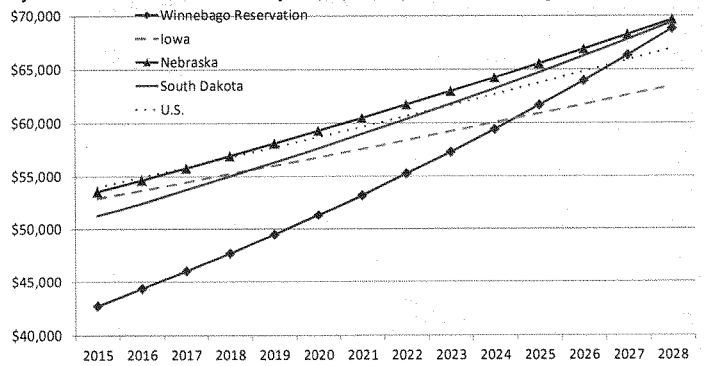
Figure 2.9 profiles household income for the next 16 years assuming that each state, the Winnebago Indian Reservation and the U.S. match their previous 16 years of growth. As indicated, Winnebago 2034 household income would exceed that of the comparison states and the U.S.

Figure 2.8: Growth in household income, 2000-16



Source: U.S. Census Bureau

Figure 2.9: Projected household income next 16 years, IA, NE, SD, U.S. and Winnebago

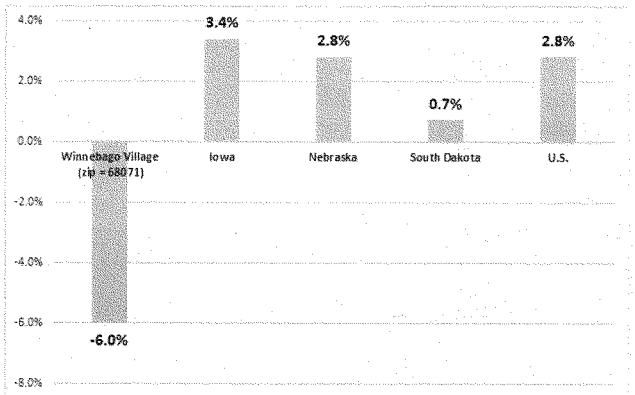


Source: Goss & Associates based on U.S. Census Bureau

Poverty rates. Poverty trends at the reservation are encouraging. The poverty rate for individuals has fallen from 37.4 percent in 2000 to 31.4 percent in 2016. Figure 2.10 shows the change in the rate of poverty between 2000 and 2016. Even though Winnebago's poverty rate is well above each of the comparison states and the U.S., the change has been very favorable to the Winnebago Indian Reservation.

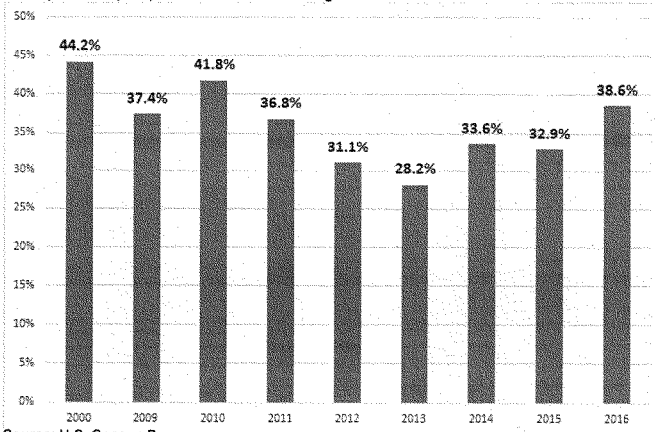
Also, the reservation has seen a decline in the percentage of children below the poverty threshold. In 2000, the percentage of children 17 years old or younger with poverty status was 44.2 percent. The poverty rate was 38.6 percent for the child cohort in 2016. Figure 2.11 presents data for childhood poverty rate.

Figure 2.10: Percentage point change in poverty status, 2000 to 2016



Source: U.S. Census Bureau

Figure 2.11: Poverty Status (rate): All Children Winnebago Indian Reservation NE – IA



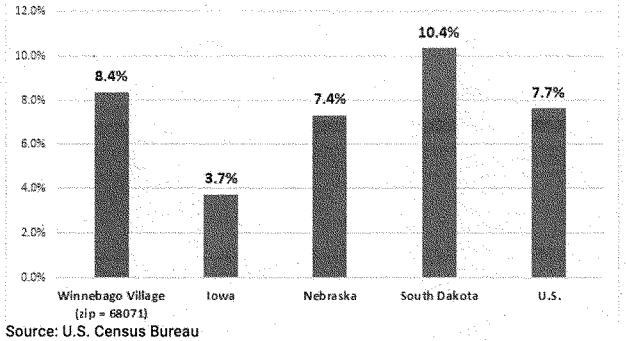
Source: U.S. Census Bureau

Table 2.2: Ho-Chunk Village Infrastructure	
Art Plaza	$242,595
Dollar General	$723,186
Mini Mall	$1,523,724
Leasehold improvements	$48,355
Village Development	$3,283,521
Tribal Court	$312,623
Rock River	$1,328,073
Village Point Remodel	$299,581
Live Work - Commercial	$818,472
Live Work - Residential	$1,756,925
Workhorse Townhomes	$577,190
Buildings Ho-Chunk, Inc. now owns that were bought from HCV (Purchased from the entity Ho-Chunk Village Partners)	
Ho-Chunk, Inc. Distribution	$817,331
Village Pointe	$1,169,941
Total	**$12,901,519**
Source: Ho-Chunk, Inc.	

Housing. Ho-Chunk, Inc. and the Winnebago Tribe have worked together to develop a program to assist Native Americans purchase a home. The program, Housing Down Payment Assistance (DPA) Program provides a significant portion of a standard down payment of a new homeowner. A total of 41 Tribal Members/ Families benefited from the DPA program at the end of 2017. The total dollar amounts provided to these families is $1,783,167.

As shown in Figure 2.12, the percentage of persons living in owner-occupied dwellings (available for the total population) at the reservation increased 8.4 percent during the 2000 to 2016 time period. For the comparison group, only South Dakota experienced a greater rate of growth at 10.4 percent.

Figure 2.12: Persons living in owner-occupied dwellings (percentage change), 2000-16



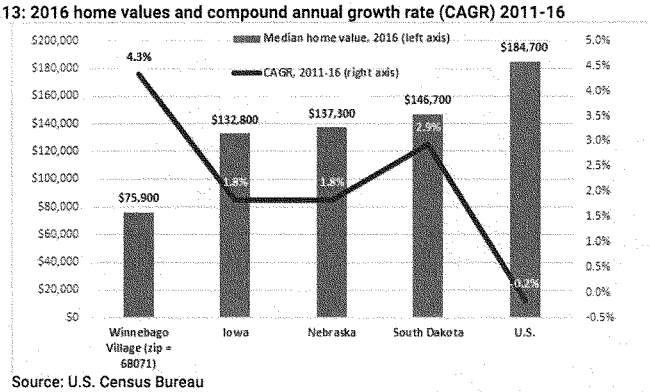
Source: U.S. Census Bureau

Ho-Chunk, Inc. continues to invest in the community. Tables 2.1 and 2.2 above list Ho-Chunk, Inc. capital investments in the community. As of 2017, private housing investment totals $28.2 million and infrastructure spending in Ho-Chunk, Inc. Village totals $12.9 million.

From 2011 to 2016, median home values on the reservation increased at a compound annual growth rate (CAGR) of 4.3 percent. The median home value at the reservation was $61,400 in 2011. The median value was $75,900 in 2016.

In contrast to the wild gyrations in the U.S. housing market over the last few years, home values at the reservation reflect relatively stable asset appreciation for the homeowner. Figure 2.13 presents the home value data comparison.

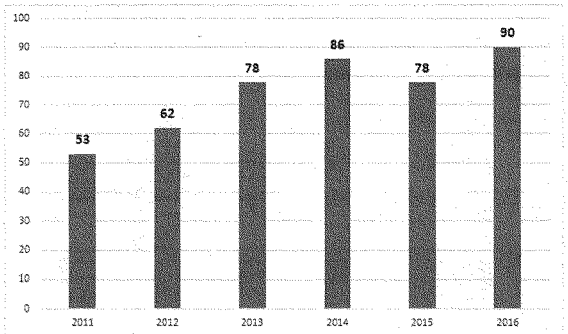
Figure 2.13: 2016 home values and compound annual growth rate (CAGR) 2011-16



Source: U.S. Census Bureau

Educational attainment. The American Indian population on the Winnebago Indian Reservation has seen improvement in educational attainment outcomes since 2011. The number of adults, 25 years old or older, with a bachelor's degree or higher increased 69.8 percent since 2011. As Figure 2.14 shows, 90 people (11.8 percent of adults at the reservation) hold either a bachelor's degree, graduate degree or a professional degree.

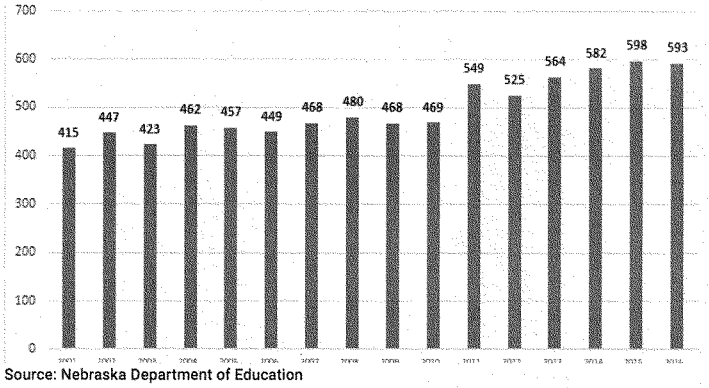
Figure 2.14: Education Attainment, Adults 25-Years Old or Older (number of persons with a bachelor's degree or higher): American Indian, Winnebago Indian Reservation



Source: U.S. Census Bureau

As shown in Figure 2.15, enrollment at the Winnebago Public School District has trended upwards since the 2001-2002 school year. Enrollment has increased 42.9 percent from the 2001-2002 school year to the 2016-2017 school year, with enrollment in the most recently reported year at 593 students.

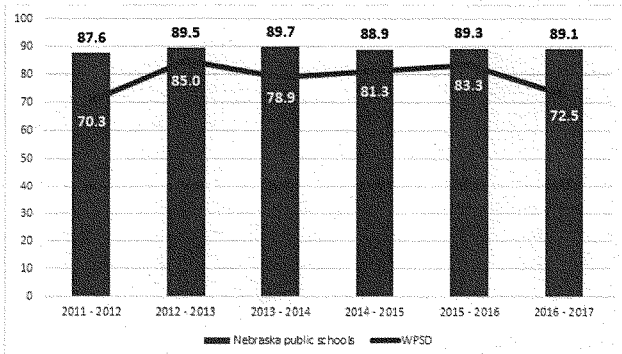
Figure 2.15: Total Enrollment: Winnebago Public School District, 2001-02 to 2016-17 School Years



Source: Nebraska Department of Education

Figure 2.16 presents graduation rate data for the Winnebago Public School District. The graduation rate at the Winnebago Public School District has remained in a range between 70 percent and 85 percent over the last few years. The graduation rate, according to the Nebraska Department of Education, was 72.5 percent in the 2016-2017 school year.

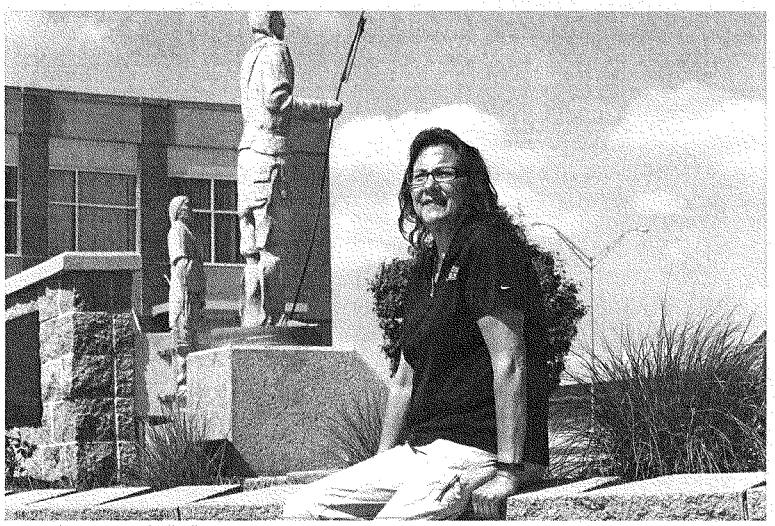
Figure 2.16: Cohort Graduation Rate (%): Winnebago Public School District (WPSD)



Source: Nebraska Department of Education

Labor market indicators continue a positive trend for the American Indian population on the Winnebago Indian Reservation. The American Indian civilian labor force grew 36.5 percent from 488 workers in 2000 to 666 workers 2016. The reservation saw solid employment growth during the same time period, with employed workers increasing from 400 workers in 2000 to 473 workers in 2016, an increase of 18.3 percent.

The participation rate, measured by the percentage of the population in the labor force, for the American Indian population increased from 58.0 percent in 2000 to 63.8 percent in 2016, a 5.8 percentage point increase. The unemployment rate for the American Indian population, however, edged upwards from 18.0 percent in 2000 to 25.1 percent in 2016.



Individual enjoying Ho-Chunk Village Statue Garden. Source: Ho-Chunk, Inc.

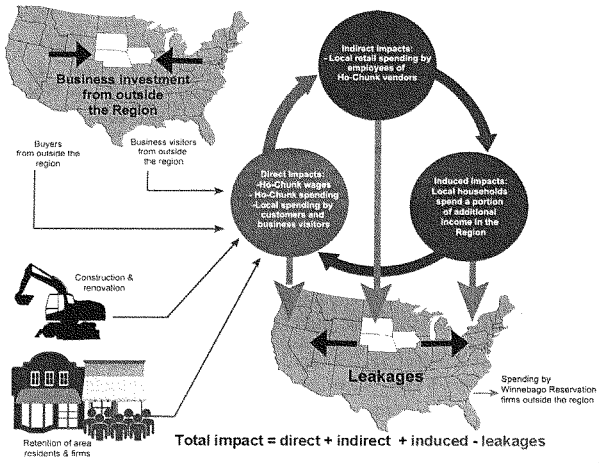
Section 3: The Economic Impact of Ho-Chunk, Inc. on the Community: the Village of Winnebago, Nebraska

Introduction

In Section 1, Ho-Chunk revenues and jobs were detailed. For each worker employed by Ho-Chunk, there are non-Ho-Chunk, Inc. workers residing in the community that depend on selling goods and services to Ho-Chunk, Inc. For example, wholesalers in Sioux City sell goods to Ho-Chunk, Inc. businesses in the Village of Winnebago. The jobs at Ho-Chunk, Inc. are considered direct jobs while the jobs at the Sioux City wholesaler are considered spillover or indirect jobs. In addition to the direct and indirect jobs, induced jobs are also supported by Ho-Chunk, Inc. direct jobs. The sum of these impacts is termed total impact.

Figure 3.1 depicts examples of the flow of funds into and out of the region. As indicated, the total impact is the sum of direct (green arrows), indirect (blue arrows) and induced (red arrows) impacts minus leakages (gray arrows). Leakages represent spending outside of the region.

Figure 3.1: Schematic of Impacts



Source: Goss & Associates 2018

Input-output multiplier systems are used to estimate impacts in Figure 3.1 by industry.

Direct economic impacts. Ho-Chunk, Inc. spending has direct economic effects on the local economy through expenditures for goods and services and employee salaries. The most obvious direct expenditures are wages paid to workers employed by Ho-Chunk. In addition, expenditures by business visitors to Ho-Chunk, Inc. have direct impacts on the region, affecting primarily the accommodations industry. Direct economic impacts are color coded green in Figure 3.1.

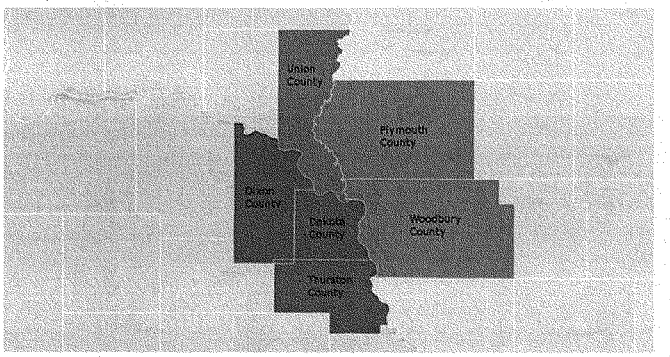
Indirect Economic Impacts. Ho-Chunk, Inc. spending also produces indirect economic effects on the area economy. Ho-Chunk, Inc. purchases at area wholesale firms, for example, generate indirect effects by increasing: (a) the number of firms drawn to the community; (b) the volume of deposits in local financial institutions and; (c) economic development. Examples of indirect economic impacts are color coded blue in Figure 3.1.

Induced Economic Impacts. Induced impacts in the region occur as the initial spending feeds back to industries in the region when workers in the area purchase additional output from local firms in a second round of spending. That is, Ho-Chunk, Inc. spending increases overall income and population, which produces another round of increased spending adding to sales, earnings and jobs for the area. Examples of induced economic impacts are color coded red in Figure 3.1.

Economic Impacts 2013-17

The impacts presented in this section are for the Sioux City metro area. The area consists of six counties, as presented in Figure 3.2: Woodbury County, Iowa; Plymouth County, Iowa; Dakota County, Nebraska; Dixon County, Nebraska; Thurston County, Nebraska; and Union County, South Dakota.

Figure 3.2: Metropolitan Sioux City area counties, 2017



Source: Nebraska Department of Education

The tables in this section list the economic impacts to the Sioux City metro area from the operations of Ho-Chunk, Inc. Impacts are calculated from direct impacts; sales figures are provided by Ho-Chunk, Inc. Table 3.1 lists the direct impacts of Ho-Chunk, Inc. by major business unit.

Table 3.1: Ho-Chunk, Inc. direct spending, 2013-2017

Major Business Unit	2013	2014	2015	2016	2017
Construction Services	$39,424,912	$35,729,166	$42,581,386	$47,466,072	$33,484,705
Fuel Distribution	$33,628,403	$26,995,754	$16,703,465	$14,598,165	$18,311,412
Government Contracting	$118,147,487	$120,475,640	$137,827,927	$125,709,882	$138,924,065
Other	$5,634,362	$8,798,246	$10,640,972	$12,100,259	$12,436,063
Real Estate	$1,585,727	$1,672,707	$3,381,144	$6,963,064	$8,762,834
Retail	$39,384,873	$39,316,635	$31,578,449	$26,529,662	$27,384,236
Native American Products	$82,858,696	$70,415,520	$80,945,183	$51,459,561	$49,286,230
Transportation/ Logistics	$7,964,551	$10,706,038	$10,163,834	$11,392,013	$15,123,639
Grand Total	**$328,631,024**	**$314,109,706**	**$333,824,375**	**$296,218,678**	**$303,715,201**

Source: Ho-Chunk, Inc.

From the direct impacts total impacts are estimated, which include indirect and induced effects within the Sioux City metro area. Table 3.2 shows the total impacts for the last five years. Over the last five years, Ho-Chunk, Inc. has generated nearly $430 million in sales (output) and over $175 million in earnings. Additionally, Ho-Chunk, Inc. operations have supported an average of 760.4 jobs per year during this five-year span in the Sioux City metro area.

Table 3.2: Ho-Chunk, Inc. impact on the Sioux City metropolitan area, 2013-2017 (2018 dollars)

Year	Jobs	Earnings	Sales	Gross metro product
2013	839.6	$34,635,748	$86,122,223	$52,702,220
2014	742.3	$35,033,588	$85,146,188	$53,307,578
2015	787.2	$37,759,863	$92,131,142	$57,455,914
2016	677.5	$32,661,999	$80,443,897	$49,698,936
2017	755.6	$35,320,397	$86,092,475	$53,743,990
Total	**760.4 (avg.)**	**$175,411,595**	**$429,935,924**	**$266,908,638**

Source: Goss & Associates estimates using IMPLAN multiplier systems

The Sioux City metro area includes territory from three different states: Nebraska, Iowa, and South Dakota. The impacts on each state are not evenly distributed. Table 3.3, 3.4, 3.5 and 3.6 show the breakdown of how much each state and the Village of Winnebago area benefit from Ho-Chunk, Inc. economic impact.

Table 3.3: Ho-Chunk, Inc. employment impact by state and the Winnebago Indian Reservation, 2013-2017

Year	Iowa	Nebraska outside Winnebago Indian Reservation	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2013	186.3	421.3	74.3	157.7	839.6
2014	193.7	314.8	80.5	153.3	742.3
2015	181.3	350.8	76.5	178.6	787.2
2016	161.5	315.0	54.3	146.7	677.5
2017	214.4	300.4	84.2	156.6	755.6
Yearly average	**187.4**	**340.5**	**74.0**	**158.6**	**760.4**

Source: Goss & Associates estimates using IMPLAN multiplier systems

Table 3.4: Ho-Chunk, Inc. sales impact by state and the Winnebago Indian Reservation, 2013-2017 (2018 dollars)

Year	Iowa	Nebraska outside Winnebago Indian Reservation	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2013	$19,110,406	$43,216,996	$7,619,181	$16,175,640	$86,122,223
2014	$22,216,629	$36,113,451	$9,234,072	$17,582,035	$85,146,188
2015	$21,219,450	$41,055,023	$8,949,072	$20,907,596	$92,131,142
2016	$19,175,076	$37,404,296	$6,449,016	$17,415,509	$80,443,897
2017	$24,431,433	$34,223,789	$9,594,530	$17,842,723	$86,092,475
Total	**$106,152,994**	**$192,013,554**	**$41,845,873**	**$89,923,504**	**$429,935,924**

Source: Goss & Associates estimates using IMPLAN multiplier systems

Table 3.5: Ho-Chunk, Inc. earnings impact by state and the Winnebago Indian Reservation, 2013-2017 (2018 dollars)

Year	Iowa	Nebraska outside Winnebago Indian Reservation	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2013	$7,685,626	$17,380,566	$3,064,204	$6,505,352	$34,635,748
2014	$9,141,081	$14,858,960	$3,799,380	$7,234,168	$35,033,588
2015	$8,696,772	$16,826,363	$3,667,769	$8,568,959	$37,759,863
2016	$7,785,504	$15,186,970	$2,618,443	$7,071,081	$32,661,999
2017	$10,023,267	$14,040,690	$3,936,263	$7,320,176	$35,320,397
Total	**$43,332,251**	**$78,293,549**	**$17,086,058**	**$36,699,736**	**$175,411,595**

Source: Goss & Associates estimates using IMPLAN multiplier systems

Table 3.6: Ho-Chunk, Inc. state and local tax impact by state and the Winnebago Indian Reservation, 2013-2017, (2018 dollars)

Year	Iowa	Nebraska outside Winnebago Indian Reservation	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2013	$747,276	$1,657,310	$230,585	$620,313	$3,255,483
2014	$898,563	$1,432,444	$289,052	$697,393	$3,317,453
2015	$849,851	$1,612,549	$277,395	$821,203	$3,560,998
2016	$761,033	$1,455,881	$198,095	$677,861	$3,092,870
2017	$981,511	$1,348,380	$298,320	$702,984	$3,331,195
Total	**$4,238,233**	**$7,506,564**	**$1,293,448**	**$3,519,754**	**$16,557,998**

Source: Goss & Associates estimates using IMPLAN multiplier systems

Ho-Chunk, Inc. activities provide economic support to many industries in the Sioux City metro area. Table 3.7 on the following page lists the impacts by industry for 2017. Given that Ho-Chunk, Inc. participates directly in consulting, wholesale and retail trade, and construction (housing and commercial), those industries and the related real estate activity are most impacted with $16.9 million of sales going to the consulting, $14.1 million going to the wholesale and retail industries and $10.0 million going to the construction and real estate industries. Also of note, Ho-Chunk, Inc.'s commitment to private housing is reflected in the nearly $2.3 million in sales related to owner-occupied housing. An additional nine industries have annual sales over $1 million. Ho-Chunk, Inc. is providing significant impact to a wide range of industries, further indicating the importance of Ho-Chunk, Inc.'s operations to the region.

Ho-Chunk, Inc. is providing significant impact to a wide range of industries, further indicating the importance of Ho-Chunk, Inc.'s operations to the region.

Table 3.7: Ho-Chunk, Inc. impacts on the Sioux City metropolitan area by industry, 2017 (2018 dollars)

Sector	Jobs	Labor income	Sales	Gross metro product
Consulting and services to government	124.7	$10,067,509	$16,944,819	$10,563,668
Wholesale trade businesses	62.1	$4,380,055	$7,484,155	$7,778,597
Retail Stores - Miscellaneous	157.0	$3,078,864	$6,566,938	$4,708,861
Real estate establishments	22.5	$373,611	$3,392,844	$2,733,326
Construction of new nonresidential commercial and health care structures	22.4	$1,054,284	$3,234,123	$1,297,483
Owner-occupied housing (imputed rental value)	n.a	n.a.	$2,250,434	$2,532,458
Commercial banks	6.1	$320,495	$2,119,302	$969,350
Insurance carriers	5.2	$366,646	$1,954,034	$1,048,295
Food services and drinking places	34.0	$616,952	$1,781,647	$948,241
Offices of physicians, dentists, and other health practitioners	12.3	$896,708	$1,589,161	$925,923
Private hospitals	11.9	$735,283	$1,570,233	$802,829
Non-depository credit intermediation and related activities	9.4	$667,084	$1,301,066	$748,381
Telecommunications	3.3	$239,712	$1,281,867	$815,049
Construction of new residential permanent structures	6.7	$316,636	$1,156,535	$384,301
Management of companies and enterprises	4.9	$515,075	$1,011,219	$590,947
Legal services	5.4	$432,479	$985,561	$661,122
Accounting, tax preparation, bookkeeping, and payroll services	6.5	$384,771	$894,193	$511,408
Electric power generation, transmission, and distribution	1.2	$152,757	$604,953	$595,879
Other state and local government enterprises	2.1	$148,771	$583,040	$120,706
Securities, commodity contracts, investments, and related activities	7.2	$444,702	$560,479	$468,428
Other industries	**250.6**	**$10,128,001**	**$28,825,870**	**$14,538,739**
Total	**755.6**	**$35,320,397**	**$86,092,475**	**$53,743,990**

Source: Goss and Associates using the IMPLAN multiplier systems

The Impact of Ho-Chunk, Inc. SBA 8(a) Contracts

As presented in Section 1, Ho-Chunk, Inc. has expanded its SBA 8(a) contracts from $1.0 thousand in 2004 to $127.1 million in 2017. In this portion of the study, the impacts of these direct dollars are estimated.

Table 3.8 details yearly impacts of Ho-Chunk, Inc. SBA 8(a) contracts across the U.S.

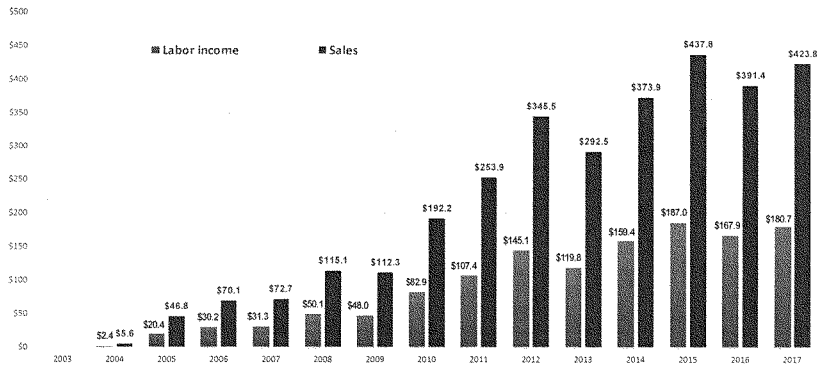
Table 3.8: Impact of Ho-Chunk, Inc. SBA 8(a) contracts on U.S., 2004-17 (2018 dollars)

Year	Jobs	Earnings	Sales	Gross Metro Product
2004	33.8	$2,422,732	$5,560,520	$3,349,033
2005	284.1	$20,374,712	$46,762,914	$28,164,736
2006	426.9	$30,204,113	$70,077,932	$41,925,965
2007	446.6	$31,337,009	$72,725,850	$43,567,439
2008	700.4	$50,078,272	$115,134,089	$69,284,148
2009	677.8	$48,029,875	$112,307,226	$66,732,231
2010	1,217.6	$82,897,879	$192,237,831	$115,884,787
2011	1,627.7	$107,438,756	$253,855,514	$151,518,176
2012	2,473.2	$145,098,500	$345,454,289	$209,802,781
2013	2,408.7	$119,780,443	$292,546,537	$180,458,999
2014	2,507.5	$159,407,324	$373,893,916	$226,211,584
2015	2,933.9	$187,006,899	$437,825,575	$265,197,604
2016	2,592.4	$167,897,667	$391,420,883	$237,174,373
2017	2,890.1	$180,708,825	$423,761,297	$257,284,161
Total 2004-2017	**1,515.8 (yearly average)**	**$1,332,683,006**	**$3,133,564,373**	**$1,896,556,017**

Source: Goss and Associates using the IMPLAN multiplier systems

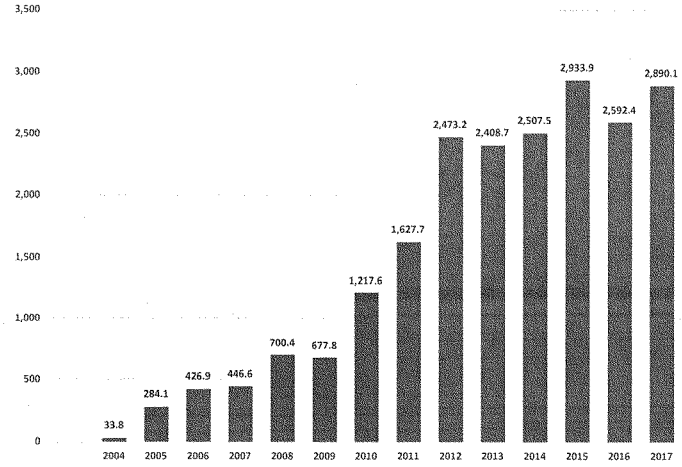
Future home of Ho-Chunk Village Farmers Market. Source: Ho-Chunk, Inc.

Figure 3.3: Impact of Ho-Chunk, Inc. SBA 8(a) contracts, 2018 dollars



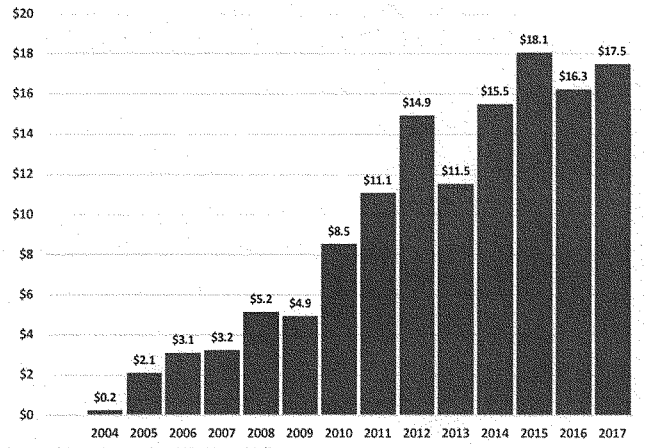
Goss and Associates using IMPLAN multiplier systems

Figure 3.4: Jobs supported by Ho-Chunk, Inc. SBA 8(a) contracts on U.S., 2004-17

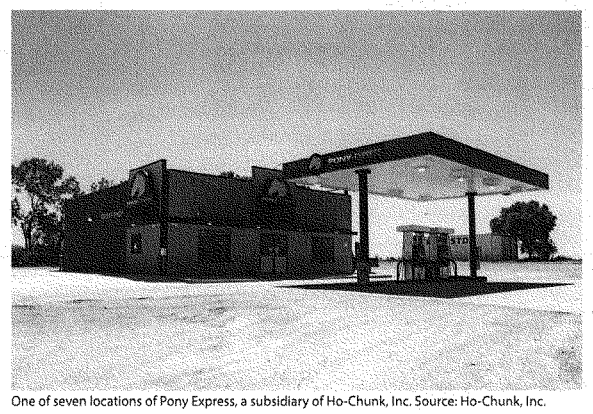


Goss and Associates using IMPLAN multiplier systems

Figure 3.5: Ho-Chunk, Inc. SBA 8(a) contracts impact on state and local taxes - U.S., 2004-17 (millions 2018 dollars)



Goss and Associates using IMPLAN multiplier systems



One of seven locations of Pony Express, a subsidiary of Ho-Chunk, Inc. Source: Ho-Chunk, Inc.

The top industry sectors impacted by Ho-Chunk, Inc. 8(a) contracts are listed on table 3.9. Miscellaneous retailers top the list with $25.7 million in sales, followed by the Real Estate sector ($17.0 million) and Commercial Banks ($11.6 million).

Tables 3.9, 3.10, 3.11, 3.12 and 3.13 provide the impact of Ho-Chunk, Inc. 8(a) contracts.

Table 3.9: 2017 impacts per industry from SBA 8(a) contracts on U.S. (2018 dollars)

Sector	Jobs	Earnings	Sales	Gross metro product
Retail Stores – Miscellaneous	489.7	$12,068,585	$25,741,202	$18,457,878
Real estate establishments	90.1	$1,877,438	$17,049,419	$13,735,267
Commercial banks	26.4	$1,751,195	$11,579,933	$5,296,556
Owner-occupied housing (imputed rental value)	n.a.	n.a.	$11,548,935	$12,996,243
Insurance carriers	20.7	$1,843,797	$9,826,496	$5,271,695
Food services and drinking places	148.7	$3,388,418	$9,785,143	$5,207,919
Healthcare offices (doctors, dentist, etc.)	50.0	$4,584,064	$8,123,951	$4,733,410
Private hospitals	48.5	$3,758,028	$8,025,451	$4,103,254
Telecommunications	13.2	$1,219,280	$6,520,135	$4,145,695
Non-depository credit intermediation and related activities	37.1	$3,305,104	$6,446,205	$3,707,894
Wholesale trade businesses	40.8	$3,618,317	$6,182,581	$6,425,816
Accounting, tax preparation, bookkeeping, and payroll services	30.1	$2,233,160	$5,189,776	$2,968,142
Legal services	22.1	$2,216,178	$5,050,367	$3,387,823
Petroleum refineries	0.5	$193,067	$4,602,264	$875,314
Management of companies and enterprises	17.4	$2,293,351	$4,502,414	$2,631,168
Pharmaceutical preparation manufacturing	1.8	$329,750	$3,198,092	$957,091
Employment services	65.8	$2,251,420	$3,044,106	$2,425,253
Other state and local government enterprises	8.6	$750,591	$2,941,593	$608,995
Securities, commodity contracts, investments, and related activities	37.6	$2,309,383	$2,910,626	$2,432,597
Electric power generation, transmission, and distribution	4.3	$708,714	$2,806,665	$2,764,564
All other sectors	1,736.7	$130,008,985	$268,685,942	$154,151,588
Total	**2,890.1**	**$180,708,825**	**$423,761,297**	**$257,284,161**

Source: Goss and Associates using the IMPLAN multiplier systems

Table 3.10: Ho-Chunk, Inc. SBA 8(a) contracts employment impact by state, 2013-17

Year	Nebraska (outside of Winnebago ndian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro	Other States
2013	157.2	80.7	27.0	19.2	284.1	1,967.4
2014	138.0	98.6	38.8	16.8	292.2	2,077.4
2015	177.7	102.3	39.2	21.7	340.9	2,415.3
2016	156.3	93.0	34.6	19.1	303.0	2,133.1
2017	169.4	106.0	40.7	20.7	336.8	2,383.9
Yearly average	**159.7**	**96.1**	**36.1**	**19.5**	**311.4**	**2,195.4**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.11: Ho-Chunk, Inc. SBA 8(a) contracts sales impact by state, 2013-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro	Other States
2013	$19,096,118	$9,797,573	$3,276,947	$2,328,795	$34,499,432	$238,950,987
2014	$20,570,589	$14,695,340	$5,788,636	$2,511,777	$43,566,343	$309,756,984
2015	$26,521,576	$15,261,217	$5,854,808	$3,235,575	$50,873,176	$360,430,824
2016	$23,598,548	$14,045,615	$5,226,245	$2,879,346	$45,749,754	$322,072,581
2017	$24,844,036	$15,544,130	$5,961,824	$3,031,889	$49,381,879	$349,535,382
Total	**$114,630,867**	**$69,343,875**	**$26,108,460**	**$13,987,382**	**$224,070,584**	**$1,580,746,758**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.12: Ho-Chunk, Inc. SBA 8(a) contracts earnings impact by state, 2013-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro	Other States
2013	$7,818,727	$4,011,524	$1,341,715	$953,503	$14,125,470	$97,836,246
2014	$8,770,142	$6,265,266	$2,467,949	$1,070,880	$18,574,237	$132,062,946
2015	$11,328,067	$6,518,470	$2,500,743	$1,382,000	$21,729,281	$153,949,551
2016	$10,122,457	$6,024,783	$2,241,767	$1,235,078	$19,624,086	$138,151,124
2017	$10,594,494	$6,628,641	$2,542,361	$1,292,919	$21,058,415	$149,055,916
Total	**$48,633,887**	**$29,448,684**	**$11,094,535**	**$5,934,380**	**$95,111,489**	**$671,055,783**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.13: Ho-Chunk, Inc. SBA 8(a) contracts state and local tax impact by state, 2013-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Thurston County, Nebraska (Winnebago Indian Reservation)	Sioux City Metro	Other States
2013	$797,708	$417,330	$108,030	$97,282	$1,420,350	$10,095,571
2014	$894,777	$651,793	$198,710	$109,257	$1,854,537	$13,627,372
2015	$1,155,750	$678,134	$201,350	$140,999	$2,176,233	$15,885,817
2016	$1,032,747	$626,775	$180,498	$126,009	$1,966,029	$14,255,601
2017	$1,080,907	$689,596	$204,701	$131,911	$2,107,115	$15,380,850
Total	**$4,961,889**	**$3,063,628**	**$893,289**	**$605,458**	**$9,524,264**	**$69,245,211**

Source: Goss and Associates estimates using IMPLAN multiplier systems

The Impact of Ho-Chunk, Inc. Charitable Contributions to the Winnebago Tribe

Ho-Chunk, Inc. charitable contributions provide funding for the following: health, social and cultural support; education and development; land; and economic and community development. For the three years ending in 2017, Ho-Chunk, Inc. made charitable contributions totaling more than $10 million.

Table 3.14 shows Ho-Chunk, Inc. charitable contributions for 2015, 2016 and 2017, organized by the Small Business Administration's reporting categories for the 8(a) Business Development program annual financial submission (SBA Form 2456).

Table 3.14: Ho-Chunk, Inc. charitable contributions 2015 - 2017

	2015	2016	2017
Category 1 - Health, social and cultural support	$65,368	$60,539	$88,885
Category 2 - Education and development	$74,426	$50,192	$13,750
Category 3 - Lands	$3,815,120	$543,104	$729,933
Category 4 - Economic and community development	$175,027	$152,500	$169,724
Category 6 - Economic Benefits	$3,150,981	$1,312,949	n.a.
Total charitable contributions (dollars)	**$7,280,922***	**$2,119,284**	**$1,002,292**
Category 5 - Employment (# workers)	1,197	979	934

*Includes contributions to build Educare Winnebago.
Source: Ho-Chunk, Inc. SBA Benefits Report

The Impact of Ho-Chunk Community Development Corporation

Ho-Chunk Community Development Corporation (HCCDC) continues to enhance economic, educational, and social opportunities for tribal members in Thurston County. To support HCCDC's efforts, Ho-Chunk, Inc. has donated nearly $470 thousand during the last three years. Tables 3.15, 3.16, 3.17, and 3.18 present the impact of those donations.

Table 3.15: Ho-Chunk, Inc. HCCDC donation employment impact by state, 2015-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Thurston County, Nebraska (Winnebago Indian Reservation)	Sioux City Metro
2015	1.8	0.9	0.4	0.9	4.1
2016	1.7	0.9	0.3	0.8	3.7
2017	1.4	1.0	0.4	0.7	3.6
Yearly average	**1.7**	**0.9**	**0.4**	**0.8**	**3.8**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.16: Ho-Chunk, Inc. HCCDC donation sales impact by state, 2015-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Thurston County, Nebraska (Winnebago Indian Reservation)	Sioux City Metro
2015	$188,632	$97,495	$41,117	$96,062	$423,306
2016	$175,463	$89,950	$30,252	$81,696	$377,361
2017	$146,560	$104,625	$41,088	$76,410	$368,682
Total	**$510,654**	**$292,070**	**$112,457**	**$254,168**	**$1,169,349**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.17: Ho-Chunk, Inc. HCCDC donation earnings impact by state, 2015-17 (2018 dollars)

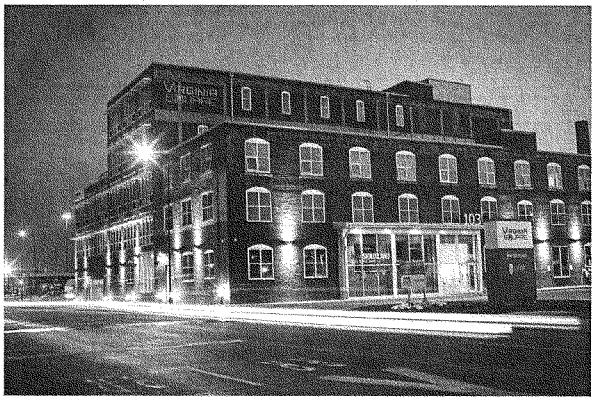
Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Thurston County, Nebraska (Winnebago Indian Reservation)	Sioux City Metro
2015	$60,088	$31,057	$13,098	$30,600	$134,843
2016	$55,893	$28,653	$9,637	$26,024	$120,207
2017	$46,686	$33,328	$13,088	$24,340	$117,442
Total	**$162,667**	**$93,038**	**$35,823**	**$80,964**	**$372,492**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.18: Ho-Chunk, Inc. HCCDC donation state and local tax impact by state, 2015-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Thurston County, Nebraska (Winnebago Indian Reservation)	Sioux City Metro
2015	$5,752	$2,973	$1,254	$2,929	$12,907
2016	$5,350	$2,743	$922	$2,491	$11,506
2017	$4,469	$3,190	$1,253	$2,330	$11,241
Total	**$15,570**	**$8,906**	**$3,429**	**$7,750**	**$35,655**

Source: Goss and Associates estimates using IMPLAN multiplier systems



Virginia Square mixed use complex. Source: Ho-Chunk, Inc.

The Impact of Ho-Chunk, Inc. Private Housing Capital Expenditures

Ho-Chunk, Inc. capital expenditures on private housing in the Winnebago community total over $28 million as of 2017. In addition, the sale of housing tax credits adds $1.0 million in proceeds. The impacts detailed in the text, below, are separate impacts from the owner-occupied housing impacts presented in the text above. The former pertains to Ho-Chunk, Inc. investments at the Winnebago Indian Reservation; the latter relates to housing activity driven by Ho-Chunk, Inc. business revenue and employment at both the regional and national levels.

Tables 3.19, 3.20, 3.21, 3.22, and 3.23 present Ho-Chunk, Inc. housing development impacts for the years 2015 to 2017.

Table 3.19: Housing sector capital expenditure impact on the Sioux City metropolitan area, 2015-2017, (2018 dollars)

Year	Jobs	Earnings	Sales	Gross metro product	Sioux City Metro
2015	16.5	$792,732	$1,934,204	$1,206,231	4.1
2016	25.7	$1,237,413	$3,047,649	$1,882,864	3.7
2017	87.5	$4,092,364	$9,975,022	$6,226,996	3.6
Total	**43.2 (avg.)**	**$6,122,508**	**$14,956,875**	**$9,316,091**	**3.8**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.20: Housing sector capital expenditure employment impact by state and the Winnebago Indian Reservation, 2015-2017

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	7.4	3.8	1.6	3.8	16.5
2016	11.9	6.1	2.1	5.6	25.7
2017	34.8	24.8	9.8	18.1	87.5
Yearly average	**18.0**	**11.6**	**4.5**	**9.2**	**43.2**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.21: Housing sector capital expenditure sales impact by state and the Winnebago Indian Reservation, 2015-2017 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	$861,910	$445,482	$187,877	$438,935	$1,934,204
2016	$1,417,076	$726,455	$244,324	$659,793	$3,047,649
2017	$3,965,307	$2,830,725	$1,111,661	$2,067,330	$9,975,022
Total	**$6,244,293**	**$4,002,662**	**$1,543,862**	**$3,166,058**	**$14,956,875**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.22: Housing sector capital expenditure earnings impact by state and the Winnebago Indian Reservation, 2015-2017 (2018 dollars)

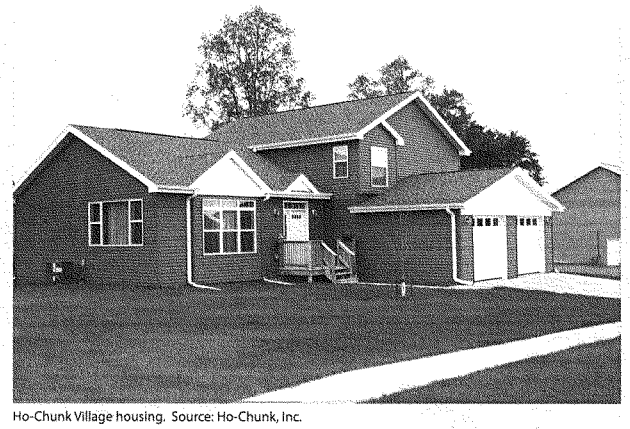
Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	$353,253	$182,580	$77,001	$179,897	$792,732
2016	$575,364	$294,957	$99,201	$267,891	$1,237,413
2017	$1,626,811	$1,161,336	$456,071	$848,145	$4,092,364
Total	**$2,555,429**	**$1,638,874**	**$632,273**	**$1,295,933**	**$6,122,508**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.23: Housing sector capital expenditure state and local tax impact by state and the Winnebago Indian Reservation, 2015-2017 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	$33,854	$17,842	$5,824	$17,240	$74,760
2016	$55,157	$28,832	$7,505	$25,681	$117,175
2017	$156,229	$113,722	$34,565	$81,451	$385,966
Total	**$245,239**	**$160,396**	**$47,893**	**$124,372**	**$577,900**

Source: Goss and Associates estimates using IMPLAN multiplier systems



Ho-Chunk Village housing. Source: Ho-Chunk, Inc.

The Impact of Ho-Chunk, Inc. Village Infrastructure Expenditures

Ho-Chunk, Inc. continues develop the local community, investing nearly $13 million in retail, commercial and residential structures in Ho-Chunk, Inc. Village. Like the housing impact immediately above, the infrastructure impacts are separate from the impacts from ongoing regional and national business operations. Tables 3.24, 3.25, 3.26, 3.27, and 3.28 present Ho-Chunk, Inc. housing development impacts for the years 2015 to 2017.

Table 3.24: Ho-Chunk, Inc. Village capital expenditures impact on the Sioux City metropolitan area, 2015-2017 (2018 dollars)

Year	Jobs	Earnings	Sales	Gross metro product
2015	16.5	$792,732	$1,934,204	$1,206,231
2016	28.9	$1,394,141	$3,433,658	$2,121,344
2017	38.2	$1,786,145	$4,353,677	$2,717,821
Total	27.9 (avg.)	$3,973,017	$9,721,539	$6,045,397

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.25: Ho-Chunk, Inc. Village capital expenditures employment impact by state and the Winnebago Indian Reservation, 2015-2017 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	7.4	3.8	1.6	3.8	16.5
2016	13.4	6.9	2.3	6.3	28.9
2017	15.2	10.8	4.3	7.9	38.2
Average	12.0	7.2	2.7	6.0	27.9

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.26: Ho-Chunk, Inc. Village capital expenditures sales impact by state and the Winnebago Reservation, 2015-2017 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	$861,910	$445,482	$187,877	$438,935	$1,934,204
2016	$1,596,561	$818,467	$275,269	$743,362	$3,433,658
2017	$1,730,689	$1,235,492	$485,193	$902,302	$4,353,677
Total	$4,189,160	$2,499,441	$948,339	$2,084,599	$9,721,539

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.27: Ho-Chunk, Inc. Village capital expenditures earnings impact by state and the Winnebago Indian Reservation, 2015-2017 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	$353,253	$182,580	$77,001	$179,897	$792,732
2016	$648,239	$332,316	$111,765	$301,821	$1,394,141
2017	$710,035	$506,874	$199,056	$370,180	$1,786,145
Total	$1,711,527	$1,021,770	$387,823	$851,898	$3,973,017

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.28: Ho-Chunk, Inc. Village capital expenditures state and local tax impact by state and the Winnebago Indian Reservation, 2015-2017 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	$33,854	$17,842	$5,824	$17,240	$74,760
2016	$62,143	$32,484	$8,455	$28,934	$132,016
2017	$68,187	$49,635	$15,086	$35,550	$168,458
Total	$164,184	$99,960	$29,365	$81,724	$375,233

Source: Goss and Associates estimates using IMPLAN multiplier systems

Check presentation from Ho-Chunk, Inc. employees to Winnebago Senior Center. Source: Ho-Chunk, Inc.

The Impact of Ho-Chunk Farms Payments

Ho-Chunk Farms brings money into the community via agricultural related payments from sources such as the Bureau of Indian Affairs. For the three years ending in 2017, Ho-Chunk Farms brought over $1.0 million of farm payments into the community. Tables 3.29, 3.30, 3.31, and 3.32 show the impact of those payments.

Table 3.29: Ho-Chunk Farms payments impact on employment by state, 2015-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	0.8	0.4	0.2	0.4	1.8
2016	2.3	1.2	0.4	1.1	5.0
2017	1.3	0.9	0.4	0.7	3.3
Yearly average	1.5	0.8	0.3	0.7	3.4

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.30: Ho-Chunk Farms payments sales impact by state, 2015-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	$121,935	$63,022	$26,579	$62,096	$273,632
2016	$361,724	$185,436	$62,366	$168,419	$777,945
2017	$205,323	$146,574	$57,562	$107,046	$516,504
Total	**$688,981**	**$395,032**	**$146,507**	**$337,561**	**$1,568,081**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.31: Ho-Chunk Farms payments earnings impact by state, 2015-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	$35,883	$18,546	$7,822	$18,274	$80,524
2016	$106,448	$54,570	$18,353	$49,563	$228,934
2017	$60,422	$43,134	$16,939	$31,501	$151,997
Total	**$202,753**	**$116,250**	**$43,114**	**$99,338**	**$461,455**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.32: Ho-Chunk Farms payments state and local tax impact by state, 2015-17 (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
2015	$3,435	$1,775	$749	$1,749	$7,708
2016	$10,189	$5,223	$1,757	$4,744	$21,913
2017	$5,784	$4,129	$1,621	$3,015	$14,549
Total	**$19,407**	**$11,127**	**$4,127**	**$9,509**	**$44,170**

Source: Goss and Associates estimates using IMPLAN multiplier systems

The Impact of the 2017 Renewable Energy Investment

In 2017, Ho-Chunk, Inc. and the Winnebago Tribe made an investment of more than $700,000 in renewable energy with the support of U.S. Department of Energy grants. Tables 3.33 and 3.34 provide the impact of the renewable energy project.

Table 3.33: Ho-Chunk, Inc. renewable energy investment impact on the Sioux City metropolitan area (2018 dollars)

Phase	Employment	Earnings	Sales	Gross Metro Product
Construction phase	11.5	$559,830	$1,753,316	$764,235
Operations phase	2.5	$296,126	$962,065	$954,124
Total	**14.0**	**$855,956**	**$2,715,381**	**$1,718,359**
Total	**27.9 (avg.)**	**$3,973,017**	**$9,721,539**	**$6,045,397**

Source: Goss and Associates estimates using IMPLAN multiplier systems

Table 3.34: Ho-Chunk, Inc. renewable energy investment impact by state (2018 dollars)

Year	Nebraska (outside of Winnebago Indian Reservation)	Iowa	South Dakota	Winnebago Indian Reservation	Sioux City Metro
Employment	5.6	4.0	1.6	2.9	14.0
Sales	$1,079,428	$770,574	$302,614	$562,764	$2,715,381
Earnings	$340,263	$242,904	$95,392	$177,397	$855,956
State and local taxes	$32,570	$23,251	$9,131	$16,980	$81,931

Source: Goss and Associates estimates using IMPLAN multiplier systems

In 2017, Ho-Chunk, Inc. and the Winnebago Tribe made an investment of more than $700,000 in renewable energy with the support of U.S. Department of Energy grants.

Appendices

Appendix A: Multiplier System Overview

Regional Input-output Multiplier System (RIMS)

When employees of Ho-Chunk, Inc. spend their salaries within the community, that spending filters through the local economy, causing increased overall spending greater than the initial spending. The impact of this re-spending is known as the multiplier effect. Economic impacts that take place outside the local economy, for example employee dollars spent in Des Moines or Kansas City, are called leakages and reduce the multiplier and overall impacts. They are excluded when estimating regional economic impacts.

While the direct effects of spending can be measured by a straightforward methodology, the indirect and induced effects of spending must be estimated using regional multipliers. Community characteristics that affect leakages, and consequently the multiplier include:

Location. Distance to suppliers affects the willingness to purchase locally. For example, if area firms are unable to provide supplies at competitive prices, and there are alternative suppliers in Kansas City that are more price-competitive, then Ho-Chunk, Inc. and its employees will be more likely to spend outside the community. This results in greater leakages, lower multipliers, and smaller impacts.

Population size. A larger population provides more opportunities for companies and workers to purchase locally. Larger population areas are associated with fewer leakages and larger multipliers. Thus, in general, SBA 8(a) dollars flowing into Sioux City will have larger impacts than the same level of dollars flowing into rural areas of Nebraska.

Clustering. A community will gain more if the inputs required by local industries for production match local resources and are purchased locally. Thus, over time, as new firms are created to match the requirements of Ho-Chunk, leakages will be fewer, resulting in larger multipliers and impacts. This issue is at the heart of economic development, amplifying the impacts of the clustering of retail and wholesale firms.

As a result of Ho-Chunk, Inc. location near Metropolitan Sioux City with its needs served by regional firms, financial impacts are larger with those impacts growing as Ho-Chunk, Inc. expands. As Ho-Chunk, Inc. increases in size, institutions become more proficient and focused on meeting its needs. Furthermore, suppliers unique to Ho-Chunk, Inc. are more likely to locate in close proximity to Ho-Chunk. This not only expands income and jobs on and surrounding the Winnebago Indian Reservation, it increases the size of multipliers related to Ho-Chunk.

Regional input-output multipliers are used to estimate how an increase in economic activity affects the industries located in a given region. One of the main conceptualizations of regional input-output multipliers is called RIMS II, which was developed by the Bureau of Economic Analysis (BEA). RIMS was first developed by the BEA in the 1970s. This initial method was referred to as the Regional Industrial Multiplier System, or RIMS. In the 1980s, an updated version of the RIMS multiplier system was developed and renamed to the Regional Input-Output Modeling System, or RIMS II.

This study uses an alternative, proprietary version of a regional input-output multiplier, called I-RIMS, provided by IMPLAN. I-RIMS is nearly identical to RIMS II, but uses a more recent dataset and incorporates a slightly different modeling methodology that is more appropriate for the region under investigation.

Generally, RIMS multipliers are used as a tool to allow for systematic approaches to economic impact analysis. Impact analysis consists of measuring inter-industry relationships within a defined region, and regional multipliers, like RIMS, provide a consistent way to measure the dynamics of the regional economy. These relationships provide insight into how a particular policy or project will affect the region's economy.

RIMS multipliers are commonly used by government and consulting groups to estimate many different types of projects and policies. For example, a common project would be the analysis of the impact of building a sports stadium, such as the TD Ameritrade Park in Omaha. Governments use regional multipliers when estimating the effect of policy decisions, such closing a military base or building an airport.

The multipliers included in RIMS II from the BEA and I-RIMS from IMPLAN are considered final-demand multipliers. Effective use of a regional multiplier depends on estimating the change in final demand of the project or program under consideration, and then using the multiplier to estimate the impact resulting from the demand and the resultant circulation of cash in the region.

Final-demand multipliers allow researchers to input direct sales figures for the calculation of total impact for output, earnings, employment, and value added. Additionally, RIMS includes direct-effect multipliers for employment and earnings calculations, for when these values are available to the researcher. Direct-effect multipliers give estimated employment and earnings impact figures from initial changes to each.

IMPLAN and RIMS (Regional Input-Output Modeling System) are two of the most widely used multiplier models.

Ho-Chunk Village corner. Source: Ho-Chunk, Inc.

Appendix B: Schematic of Impacts

Figure B.1 depicts examples of the flow of funds into and out of the region. As indicated, the total impact is the sum of direct (green arrows), indirect (blue arrows) and induced (red arrows) impacts minus leakages (gray arrows).

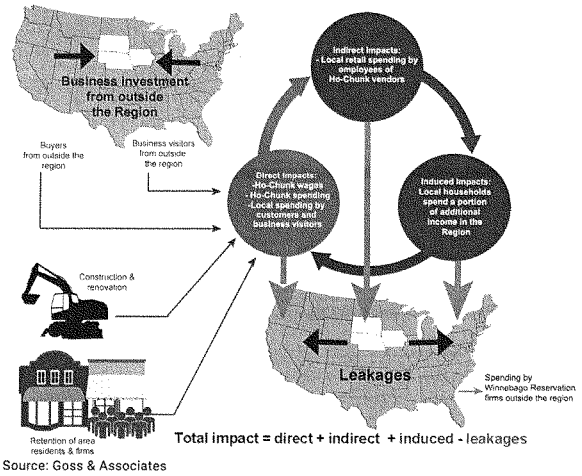
Leakages represent Ho-Chunk, Inc. spending outside of the metropolitan area. Input-output multiplier systems are used to estimate impacts listed in Figure B.1 by industry. With the passage of time, Ho-Chunk, Inc. impacts grow as leakages are reduced.

Direct economic impacts. Ho-Chunk, Inc. spending has direct economic effects on the local economy through expenditures for goods and services and employee salaries. The most obvious direct expenditures are wages paid to workers employed by Ho-Chunk. In addition, expenditures by business visitors to Ho-Chunk, Inc. have direct impacts on the region. Direct economic impacts are color coded green in Figure B.1.

Indirect Economic Impacts. Ho-Chunk, Inc. spending also produces indirect economic effects on the area economy. Ho-Chunk, Inc. purchases at area wholesale firms, for example, and generates indirect effects by increasing: (a) the number of firms drawn to the community; (b) the volume of deposits in local financial institutions and; (c) economic development. Examples of indirect economic impacts are color coded blue in Figure B.1.

Induced Economic Impacts. Induced impacts in the region occur as the initial spending feeds back to industries in the region when workers in the area purchase additional output from local firms in a second round of spending. That is, Ho-Chunk, Inc. spending increases overall income and population, which produces another round of increased spending adding to sales, earnings and jobs for the area. Examples of induced economic impacts are color coded red in Figure B.1.

Figure B.1: Schematic of Impacts



Source: Goss & Associates

Appendix C: Researchers' Biographies

Ernie Goss is the Jack MacAllister Chair in Regional Economics at Creighton University and is the initial director for Creighton's Institute for Economic Inquiry. He is also principal of the Goss Institute in Denver, Colo. Goss received his PhD in economics from The University of Tennessee in 1983 and is a former faculty research fellow at NASA's Marshall Space Flight Center. He was a visiting scholar with the Congressional Budget Office for 2003-2004, and has testified before the U.S. Congress, the Kansas Legislature, and the Nebraska Legislature. In the fall of 2005, the Nebraska Attorney General appointed Goss to head a task force examining gasoline pricing in the state.

He has published more than 100 research studies focusing primarily on economic forecasting and on the statistical analysis of business and economic data. His book Changing Attitudes Toward Economic Reform During the Yeltsin Era was published by Praeger Press in 2003, and his book Governing Fortune: Casino Gambling in America was published by the University of Michigan Press in March 2007.

He is editor of Economic Trends, an economics newsletter published monthly with more than 11,000 subscribers, produces a monthly business conditions index for the nine-state Mid-American region, and conducts a survey of bank CEOs in 10 U.S. states. Survey and index results are cited each month in approximately 100 newspapers; citations have included the New York Times, Wall Street Journal, Investors Business Daily, The Christian Science Monitor, Chicago Sun Times, and other national and regional newspapers and magazines. Each month 75-100 radio stations carry his Regional Economic Report.

Scott Strain is a senior research economist at Goss & Associates. He has worked as an economist and statistician for more than 20 years providing forecasts and analysis across a wide-range of industries. Scott served as an industry economist, working in new product development regarding both quantitative and qualitative research. Strain was Senior Director of Research for an economic development agency, providing economic impact and tax incentive analysis to both private businesses and government entities. He served on the business advisory committee that worked with Nebraska state senators and the director of the state's Economic Development Department to develop the Nebraska Advantage Act – a comprehensive package of business incentives that has helped to add more than $6 billion in new capital investment and over 13,000 new jobs in the state of Nebraska since the Act's inception in 2006.

Statement of Katherine Carlton

President, Chugach Education Services, Inc.

General Manager, Chugach Training and Educational Solutions, LLC

Legislative Hearing on:

Native 8(a) Contracting: Emerging Issues

The Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

October 22, 2019

My name is Katherine Carlton and I am the President of Chugach Education Services, Inc. and the General Manager of Chugach Training and Educational Solutions, LLC. Both of these companies are subsidiaries under Chugach Alaska Corporation, a regional Alaska Native Corporation organized under the Alaska Native Claims Settlement Act or ANCSA. It is my privilege to testify before you to discuss the benefits of the Small Business Administration's Federal Contracting Program and in particular the 8(a) business development program.

I have two different perspectives to share with you on this topic. The first from the standpoint of a shareholder of Chugach Alaska Corporation and the second from operating my two subsidiary companies within the program.

I am Alaskan Native and grew up in the region my corporation represents. When my mom enrolled in Chugach Alaska Corporation back in 1970's, there was a promise from the passage of ANCSA that we would not follow the model of the lower 48 tribes which at the time struggled with poverty and drug abuse on a reservation system; that using the business model of a corporation was the best way to invest the settlement to sustain our shareholders for generations to come. My mom never lived long enough to see this happen. She received very little as Chugach struggled to stay afloat after several initial business investments failed. None of our leaders had the business experience needed to create profitable companies. Our leaders were from villages and survived on a subsistence type lifestyle. It was about this time we discovered the Small Business Administration and their 8(a) program. This program allowed our corporations to benefit from opportunities in government contracting while we learned to successfully operate and then diversify our companies. My mom would be proud to see the strength of the company and the benefits it is providing to the next generation of shareholders.

My story is not unique. I am one of many shareholders who have had success in life with the help of Chugach. I started working for the company in 2003 in a position called accounts receivable technician. It paid $12/hour and it was the most entry level position within the finance department. I worked really hard, went back to college and rose quickly through the ranks. I eventually earned my bachelors in accounting and a Masters

certificate in Alaska Native Executive Leadership all paid for by Chugach. I sought other opportunities for development and was sent to DC to participate in a growing leaders program for the Native American Contractors Association and then years later participating in outreach to our Senators and Congressman about the importance of having companies like ours as a valued contractor to the Government. After 15 years of hard work, I became president providing an example to the next generation of shareholders of the importance of taking on leadership roles in our corporation. I reside in this position and reflect on the responsibility I now have to continue to grow my companies so that I contribute back to the sustainability of Chugach and our responsibility to provide benefits back to our 2700 shareholders.

The ability for me to be successful in growing my companies is dependent upon the small business program. Currently one of my companies is 8(a) certified and one has graduated out of the program. Chugach Educations Services (CESI) was originally incorporated in 2009, accepted into the 8(a) program in 2012 and graduated 2017. CESI was awarded 15 contracts in this timeframe, 7 of these were 8(a) sole source awards and 3 were other sole source, and 5 were total small business. We continue to look at opportunities in our market where we can successfully bid full and open competitive opportunities. My other company Chugach Training and Educational Solutions LLC was established in 2013, certified as 8(a) in 2017 and currently has been awarded 4 contracts. One was a sole source 8(a) and the other three were awarded under the total small business program. Our estimated annual revenue for 2020 is $31 million. We continue to gain capabilities as we successfully operate awarded contracts showing that Chugach is responsibly using the 8(a) contracting mechanism to mature and diversify our business and position ourselves to compete in both the set-aside and the full and open competitive marketplaces.

As I review the history of the passage of ANCSA and the formation of the Native Corporations in context to my own history, it's apparent how close we were to having our corporations fail and unable to provide for the next generation of shareholders. The SBA's federal contracting program and in particular the 8(a) business development program gave us the chance to succeed. We have become economically viable organizations that

can send our shareholders to college, that can provide jobs, that can inspire us to work hard to become the next leaders all to ensure the Settlement has long-lasting impact to the Native Alaskan people for generations to come.

Statement of Tiffany Flowers

Assistant to the President

Chugach Government Solutions, LLC

Legislative Hearing on:

Native 8(a) Contracting: Emerging Issues

The Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations

October 22, 2019

I'm Tiffany Flowers, I would like to express my sincere appreciation to Chairwoman Wu and the Investigations, Oversight, and Regulations Sub-Committee of the House Committee on Small Business for providing me this opportunity to share my personal story about the SBA's Business Development 8(a) Program.

Currently, I serve as the Assistant to the President for Chugach Government Solutions, LLC, a wholly owned subsidiary of Chugach Alaska Corporation (An Alaskan Native Regional corporation). I am also, a proud shareholder of Chugach Alaska Corporation (Chugach) and The Tatitlek Corporation (TTC) which were both organized under the Alaska Native Claims Settlement Act or ANCSA and 8(a) Program Participants. I am proud to share with you the benefits I have received due to the dedicated work and well-earned profits that Chugach garnered through participating in the 8(a) Program and the follow-on successes the company has earned in the full and open marketplace because of the experience gained in the small disadvantages 8(a) program.

I have two hundred years of family ties to the State of Alaska, specifically in Prince William Sound. My paternal grandparents were the late Fred and Seena Allen from the Village of Tatitlek, Alaska and my maternal grandparents were the late Leonard and Marie Lange from Cordova, Alaska. My father was the late Lloyd Allen from the Village of Tatitlek, Alaska and my mother is Pauline Lange from Anchorage, Alaska. Both Tatitlek and Cordova are a part of the Chugach Region.

I am told stories by my elders about my paternal grandparents working in a mine near Tatitlek, Alaska, my mother's time commercial fishing the Prince William Sound with her parents, about my great grandparents living in the old village of Nuuciq, and stories of the dedication my maternal grandparents had when Chugach was formed. My grandparents and parents were hard working Native Alaskans who worked the land and waters to provide for their families.

My path started with the history of my family and continues with my education and the opportunities provided by MY corporation. Chugach supported my education with scholarships available to shareholders and descendants. I have earned a Bachelors degree in Business Administration with a Management Concentration from the University

of Sioux Falls in Sioux Falls, South Dakota and a Masters degree in Business Administration from Alaska Pacific University in Anchorage, Alaska. These scholarships helped fund my tuition, books, and housing costs to help reduced the financial burden of college expenses. With the help of MY company, I was able to continue with my education to better myself and my family and set the example for my child and future generations. While in college I was also eligible to apply for a summer internship with Chugach.

As an intern for three summers I worked in the Cultural Resources Department. I provided administrative support to help organize Nuuciq Spirit Camp, a cultural preservation camp reviving the heritage of the Prince William Sound held on Hinchinbrook Island. The internship gave me the opportunity to apply business practices I was learning in the University. For example, I was able to improve my writing skills to effectively communicate to camp participants and vendors. My time spent as an intern prepared me for career opportunities after college.

I started my career with The Tatitlek Corporation as a Business Development Specialist. I supported the business development team by providing market and competitor research, pipeline report management, and marketing support. I also spent some time in the accounts payable department diversifying my knowledge and giving me a more holistic understanding of the organization.

In addition to this job opportunity, TTC supported my career development by funding certifications and trainings such as: the Native Emerging Leaders Summit hosted by the Native American Contractors Association (NACA), and Leadership Executive Advancement Program (LEAP) hosted by the Anchorage Chamber of Commerce. In addition to these leadership programs I was given the opportunity to gain some program management skills by serving as the program manager for Culture Heritage Week, an annual event hosted by the Native Village of Tatitlek that celebrates the traditional culture of the Chugach Region.

A little over a year ago I joined the Chugach team as a Government Business Regulatory Specialist with much of my focus on 8(a) Program compliance. In this role I was able to

learn about corporate governance structure, 8(a) Program regulations, government contracting best practices, business development strategy, business plan writing, and working across company departments. I was also given opportunities for career development. I spent time going to conferences learning about 8(a) Program compliance practices, congressional roles and impacts congress has on the program, and developed a network of colleagues in my field. All propelling my career forward to advocacy and support of the program.

I have the unique opportunity to shadow the President of Chugach Government Solutions, LLC, Timothy Hopper. In this roll I sit with leaders of the Chugach company discussing business decisions, long term business plans, company policies, strategy, innovation and company moral. The time I spend with these leaders is invaluable as they are specialized in their fields and all teaching me something different. All of these leaders are invested in my future as a Chugach Shareholder and my hope is to take their investment in me, to further some of Chugach's goals like intergenerational prosperity.

Intergenerational prosperity is a vision of the Chugach Board of Directors with the intent of making best business decisions to provide for generations into perpetuity. The revenue earned from 8(a) government contracting supports this long-term vision of Chugach. As I spend my time with Chugach I see that my family is a part of intergeneration prosperity. My maternal grandparents worked for Chugach at the time of its inception, my mother worked throughout the Chugach Region and I now I work at Chugach. As I serve in my current roll I have the opportunity to focus on growth beyond myself but for Chugach. I have opportunity to help ensure benefits will be available to my son's generation and many more to follow. These are some of the reasons I support the 8(a) Program. Thank you for letting me participate in this hearing and I hope you have a better understanding of the importance of Community owned 8(a) companies and how they provide for the growth of our Shareholders and help provide our intergenerational prosperity.

Testimony to the House Committee on Small Business Regarding "Native 8(a) Contracting: Emerging Issues"

Washington D.C.
October 22, 2019

Carl H. Marrs Chief Executive Officer
Old Harbor Native Corporation

Thank you for the opportunity to submit this testimony. My name is Carl Marrs, and I am Chief Executive Officer of Old Harbor Native Corporation, an Alaska Native Village Corporation formed pursuant to the Alaska Native Claims Settlement Act. I have worked for Old Harbor Native Corporation as their CEO since 2012, and prior to that I was CEO of Cook Inlet Regional Corporation, an Alaska Native Regional Corporation. I am a United States Marine Corp veteran. I am also an Alaska Native, and a shareholder of CIRI and Seldovia Native Corporation, and a member of the Seldovia Tribe. Through my more than forty years of experience with Alaska Native Corporations, I have had extensive experience seeing Alaska Native Corporation's in the Federal Government Contracting field and have also seen first-hand the evolution of the SBA's 8(a) Program. Before I address the Small Business Administration's Section 8(a) Program that this testimony is about, I need to address why we are here, and some of the statistical data that will help the Committee understand the need for such programs.

Old Harbor Native Corporation (OHNC) is one of 252 Native village corporations established by Congress in 1971 under the terms of the Alaska Native Claims Settlement Act (ANCSA). OHNC was incorporated in 1973 and originally enrolled 329 shareholders under the Act. Today, there are 439 shareholders residing primarily in Anchorage, Kodiak, and Old Harbor. Old Harbor is unique in its blending of older Alutiiq traditions, the Orthodox Christian Religion, and a strong subsistence-based lifestyle with newer influences from modern American society.

ANCSA, which was a purposeful alternative to the Lower 48 reservation system, was the first settlement of its kind between Native Americans and the Federal Government. Alaska Natives were provided a corporate structure for holding land and capital, with the freedom to control their own economic and social future. OHNC's investments and operations are comprised of seven active operating areas, which include Government Contracting, equipment sales and leasing, communications, engineering services, hospitality services, and construction

services. OHNC's primary line of business is to provide Government and other contract services including information technology, logistics, engineering, ship maintenance, document management, cyber security, and base operations services.

We support our shareholders through dividend distributions, employment opportunities, internship programs, educational and cultural programs, and financial support for burial assistance. Additionally, we support our community through strategic planning, economic & infrastructure development, advocacy, and administrative support for Old Harbor entities. These community activities reflect the work of Old Harbor Native Corporation, Alutiiq Tribe of Old Harbor, and the City of Old Harbor who collaborate to unite the community for a healthy future. OHNC works to enhance community life by preserving the culture and the land, while also providing opportunities for Shareholders to continue to thrive in their traditional Alutiiq home. As demonstrated in the chart below, Old Harbor is committed to supporting its community.

Since 2000, OHNC has benefit Shareholder & Descendants through various contributions and programs:

$432,937 Donations to Old Harbor Scholarship Foundation to support Higher Education

Burial Assistance Payments **$1,587,991**

$217,716 Donated to Old Harbor Local Entities

$402,937 Donations to the Alutiiq Museum for Culture Preservation

Average 53% Employees at OHNC HQ are Shareholders, Descendants or other Alaska Native

$260,564 Donated to the Old Harbor Alliance

$49,368 Donated to Alaska Federation of Natives

$25 Per 100 Shares Paid Annually

Since 2016, Elders 65 years & Older received a total of **$559,083**

32.2 Million Paid in Shareholder Distributions Since Inception

ANCSA and Alaska Natives

Congress enacted ANCSA in 1971 to accomplish "a fair and just settlement" of the aboriginal land claims of Alaska Natives. Section 2 of ANCSA mandates that this settlement should be accomplished "in conformity with the real economic and social needs of Natives." ANCSA required Alaska Natives to form corporations to participate in the settlement. To date, ANCSA corporations, including village corporations, are a vital cog in the economic life and success of Alaska Natives.

After thirty plus years of ANCSA, Alaska Natives, however, are still economically underperforming in comparison to other groups. Poverty and violent crime in our communities are rampant. While the 8(a) Program is important economic self-determination tool, it has only begun the mission Congress assigned to it in regard to Alaska Natives. As recent as June of this year, the United States Attorney General Barr realized that normal local, state, and national infrastructure existing in nearly every other population, in every other state, does not exist in rural Alaska.

Violent crime in Alaska Native communities is staggering. In June of this year, Attorney General Barr announced that the situation in rural Alaska has reached a crisis level with no resources in sight. "Attorney General William P. Barr Announces Emergency Funding to Address Public Safety Crisis in Rural Alaska."[1] His quote is startling and tells the tale when one actually visits rural Alaska communities and the dire straits encountered there in contrast to the state or local infrastructure built in almost every other place in the United States.

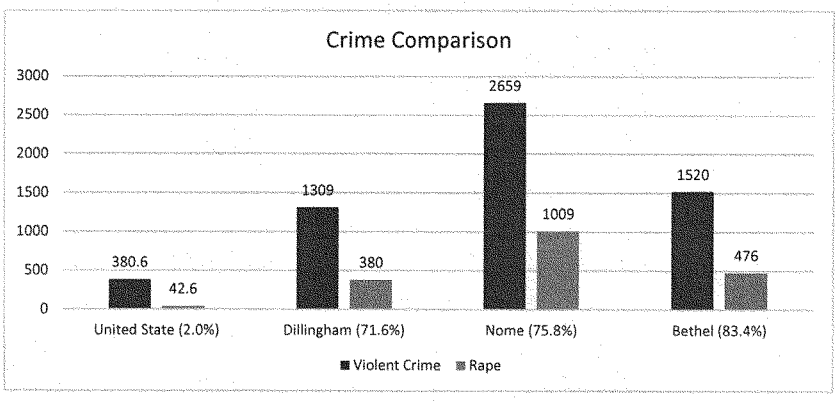
> In May, when I visited Alaska, I witnessed firsthand the complex, unique, and dire law enforcement challenges the State of Alaska and its remote Alaska Native communities are facing,' said Attorney General Barr. 'With this emergency declaration, I am directing resources where they are needed most and needed immediately, to support the local law enforcement response in Alaska Native communities, whose people are dealing with extremely high rates of violence. Today, I am also directing each component and law enforcement agency of the Justice Department to submit plans within the next 30 days to further support Federal, state, and tribal public safety efforts in rural Alaska. Lives depend on it,

[1] *See* Department of Justice, Office of Public Affairs, June 28, 2019, at https://www.justice.gov/opa/pr/attorney-general-william-p-barr-announces-emergency-funding-address-public-safety-crisis.

and ***we are committed to seeing a change in this unacceptable, daily reality for Alaska Native people.***[2]

In recognizing how the Government infrastructure was so severely lacking, the Attorney General directed ***every component and law enforcement agency to submit a plan in the next 30 days to further support these efforts in Alaska.***[3] Accordingly, Table I reflects violent crime and rape rates in Alaska Native Communities, which are disproportionately high compared to the rest of the nation.[4]

Table I – Crime Comparison

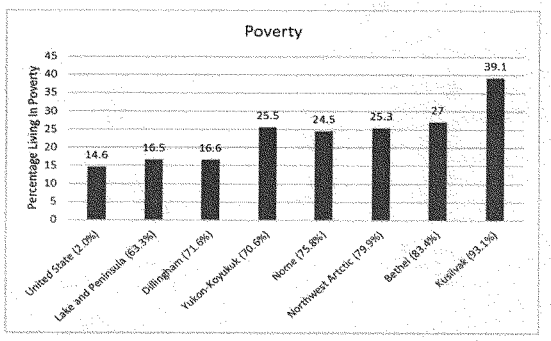


Marching hand in hand with crime is poverty in rural Alaska and Alaska Native Communities. Accordingly, Table II reflects the percent of persons living in poverty in boroughs/municipalities throughout Alaska, with the percent of Alaska Native population in each region in parenthesis. The contrast is dramatic as demonstrated in Table II below.[5]

---

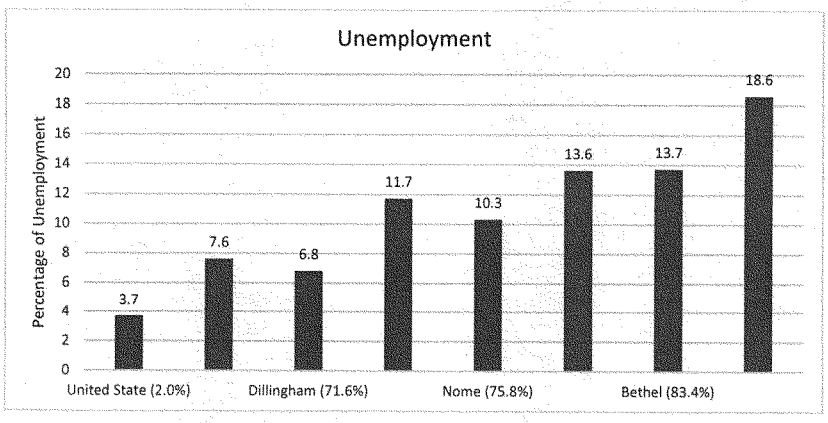
[2] *Id.* (emphasis added).
[3] *Id*
[4] *See* United States 2018, Fed. Bureau of Investigation, https://ucr.fbi.gov/crime-in-the-u.s/2018/crime-in-the-u.s.-2018/tables/table-8/table-8-state-cuts/alaska.xls (last visited October 14, 2019).
[5] *See* U.S. Census Database, State & County QuickFacts, United States Census Bureau, http://www.census.gov/quickfacts/fact/table/US/PST04521 (last visited October 11, 2019).

Table II-Alaska Natives Living in Poverty-Alaska Native Population in Parenthesis



Unemployment rates among the Native American population also remain disproportionately higher than the national average. Table III reflects the unemployment rate in boroughs/municipalities throughout Alaska, with the percent of Alaska Native population in each region in parenthesis.[6]

Table III-Unemployment-Alaska Native Population in Parenthesis

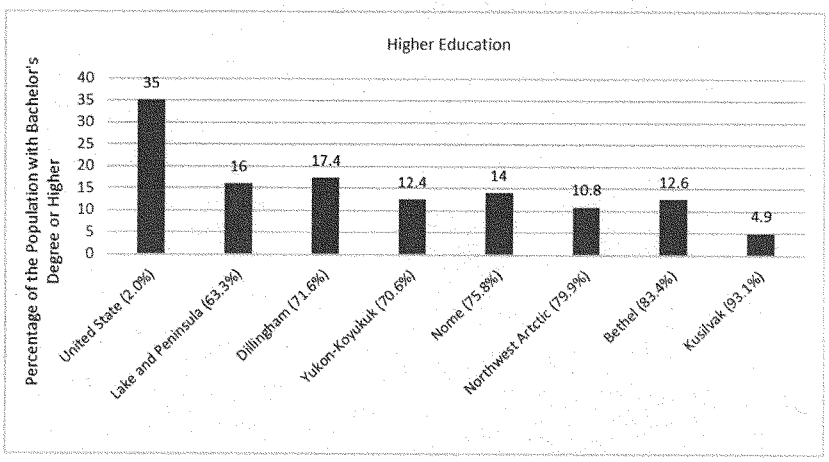


Additionally, the national statistics for higher education attainment remain

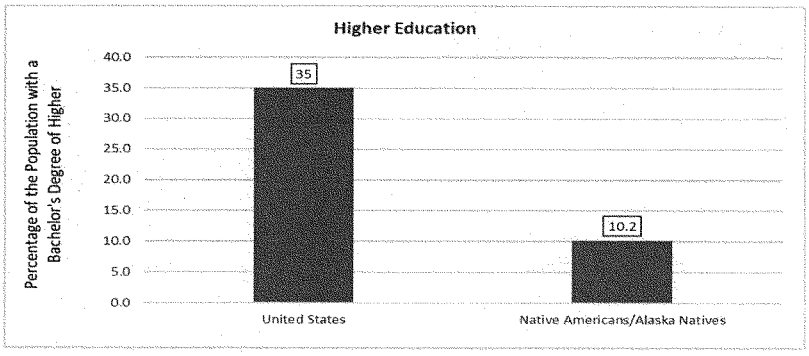
[6] *See* U.S. Census Database generally, State & County QuickFacts, United States Census Bureau, http://www.census.gov/quickfacts/fact/table/US/PST0 4521 (last visited October 11, 2019).

disproportionately lower among the Native American population than the national average. According to the National Center for Education Statistics, *Digest of Education Statistics*, Table 104.20., the percentage of Native American persons 25 to 29 years old who had attained a Bachelors degree or higher was 10.2% in 2016, a staggering drop from the previous year's rate of 15.3%. The national average has remained greater than 30% since 2008. Table IV demonstrates this disparity as it reflects the percent of persons who have attained a bachelor's degree or higher in boroughs/municipalities throughout Alaska, with the percent of Alaska Native population in the region in parenthesis.[7]

Table IV-Disparity in Higher Education



[7] *See* U.S. Census Database generally, State & County QuickFacts, United States Census Bureau, http://www.census.gov/quickfacts/fact/table/US/PST0 4521 (last visited October 11, 2019).



These economic disadvantages are combined with higher costs of living for many Alaska Natives. For example, according to the State of Alaska Fuel Price Report, heating costs for rural Alaskan Communities is exponentially higher than national averages, as shown by Table V.

Table V: Prices in the Gulf Coast and Interior Regions-On versus Off Road Transport Methods (2017)

Gulf Coast	On Road System	Off Road System	Interior	On Road System	Off Road System
Heating Fuel:			Heating Fuel:		
High	$2.57	$5.90	High	$3.95	$10.00
Low	$2.37	$2.83	Low	$2.21	$3.45
Average	$2.49	$3.70	Average	$2.85	$5.85
Gasoline:			Gasoline:		
High	$3.28	$6.18	High	$4.00	$10.00
Low	$2.87	$3.25	Low	$2.49	$4.60
Average	$3.10	$4.46	Average	$3.35	$6.16

Alaska Native Corporations and the SBA's Section 8(a) Business Development Program

There is no doubt that Alaska Natives are struggling economically due to limited economic opportunities for them in Alaska and the corresponding social, cultural, and educational barriers that poverty and poor economic conditions create. Alaska Native Corporations, however, are a significant and vital resource and method to assist Alaska Natives

thrive and take their proper place in the economy of Alaska and the Nation. One of the primary means by which Alaska Native Corporations can provide economic and social assistance to their people in the form of jobs, scholarships, benefit programs, and dividends, is through the generation of revenue and employment opportunities through the Small Business Administration's 8(a) Program.

The United States Government has had Federal preferences for small business contracting since World War II, and it is a major feature of Federal procurement activities. *See* Jenny J. Yang, *Small Business, Rising Giant: Policies and Costs of Section 8(a) Contracting Preferences for Alaska Native Corporations*, 23 Alaska L. Rev. 35 (2006), at 319-20. As part of the Federal procurement system's focus on utilizing small businesses, the SBA administers the Section 8(a) Program, which was authorized by the Small Business Act of 1958. The purpose of the Section 8(a) Program is to assist otherwise eligible "small disadvantaged business concerns" with business development to compete in the American economy.

Congress has recognized the critical role the SBA's 8(a) Program has and will play for Alaska Native Corporations through amendments to ANCSA in 1988, 1992, 1998, and 2002, all of which were designed to permit and encourage Alaska Native Corporations' participation in the SBA's 8(a) Program. With these amendments, Congress recognized that Alaska Native Corporations and their shareholders have traditionally been, and currently are, economically and socially disadvantaged, and that the Federal Government has a vested interest in providing them with a process by which they can grow economically to a level equal with other business entities that have not had the limitations, restrictions, and disadvantages historically experienced by Alaska Natives. Indeed, ANCSA has been specifically recognized as the "modern mechanism that designates Native Alaskan Corporations as the vehicle used to provide continuing economic benefits in exchange for extinguished aboriginal land rights." *AFGE v. United States*, 195 F. Supp. 2d 4, 21-22 (D.D.C. 2002), *aff'd*, 330 F.3d 513 (D.C. Cir. 2003), *cert. denied, AFGE v. United States, v. U.S.*, 540 U.S. 1088 (2003) (citing to *Koniag, Inc. v. Koncor Forest Res.*, 39 F. 3d 991, 997 (9th Cir. 1994)).

Critically, in amending ANCSA to insure and provide for the ability of Alaska Native Corporations to participate in the SBA's 8(a) Program, Congress affirmed that it was not just regulating Federal procurement from small business concerns but exercising its constitutional authority to regulate commerce with Indian tribes. In 2002, Congress amended ANCSA to

confirm the intent of Congress that "[F]ederal procurement programs for tribes and Alaska Native corporations are enacted pursuant to its authority under Article I, Section 8 of the United States Constitution [authorizing Congress to regulate commerce with Indian tribes]." *See* Pub. L. 107-117, Div. B, Ch.7, §702, January 10, 2002.

The 8(a) Program for Alaska Native Corporations is not merely a matter of Federal procurement from small businesses, but an exercise of the powers of Congress to regulate economic activities between the Federal Government and Native Americans and that the program is, "further[ing] the Federal policy of Indian self-determination, the United States' trust responsibility, and promotion of economic self-sufficiency among Native American communities." *AFGE v. United States*, 195 F. Supp. 2d 4, 18 (D.D.C. 2002), *aff'd*, 330 F.3d 513 (D.C. Cir. 2003). The 8(a) Program, for Alaska Native Corporations, is much more than a small business program. It is a means by which the Federal Government fulfills its unique relationship, and obligations, to American Indians, including Alaska Natives. *See, e.g. AFGE v. United States*, 330 F.3d at 520 (D.C. Cir. 2003) *cert. denied, AFGE v. United States, v. U.S.*, 540 U.S. 1088 (2003). Access to Government Contracting has long been used by the Federal Government to fulfill its fiduciary and trust obligations to Native Americans, and the Section 8(a) Business Development Program is a critical part of that.

Justified Expansion of Sole Source Awards Under The 8(a) Program

Given the importance of the 8(a) Program, it is critical for Congress and the SBA to review, modernize, and streamline the 8(a) Program to make it a more effective and efficient program for both Alaska Native Corporations and the Federal agencies that use the program. One of the most important aspects of the 8(a) Program as it relates to Alaska Native Corporations is the ability of Federal agencies to award sole source contracts to eligible and capable Alaska Native Corporation 8(a) Program participants.

It is important to understand the rationale for permitting sole source awards of any size to Alaska Native Corporation's under the 8(a) Program. In most cases, 8(a) Program participants are only owned by one individual. Indeed, except for Alaska Native Corporations, Native Indian business concerns, and Native Hawaiian Organizations, the Section 8(a) Program's rules require that a single disadvantaged person own 51% or more of the 8(a) Program participant. As such, the traditional rules on limiting sole source awards to "individual owned" 8(a) Program participants should be reasonably increased but not by 10 in one fell swoop. While a reasonable

increase may make sense, going from $4 million to $40 million or greater, in act without the appropriate compliance measures in place does not make sense. Assuming a healthy 5% profit margin, a sole source award of $4 million to a traditional 8(a) Program participant who is wholly owned by a single disadvantaged person would result in a healthy return to that person of $200,000. Now, times that by 10.

In contrast, Alaska Native Corporations are not owned by only one individual. Most Alaska Native Corporations have hundreds of shareholders, if not thousands or tens of thousands of shareholders. As such, if that same $4 million sole source contract was awarded to an Alaska Native Corporation with 500 shareholders, and resulted in the same 5% profit margin, that would mean that each shareholder only realized a $400 benefit (or less depending on the size of the shareholder base) from the contract. To that end, the utility of the 8(a) Program furthers Congress's goal to use Federal procurement policy as a method to fulfill its unique obligations to, and interests in, Alaska Natives and to assist them, and their shareholders, to achieve economic independence.

Accordingly, recognizing that due to the unique nature of Alaska Native Corporations, *i.e.*, that they are "Community"-owned, not "Individually"-owned, as reinforced by the GAO report, and the fact that Alaska Native Corporations have been chosen by Congress "as the vehicle used to provide continuing economic benefits [to Alaska Natives] in exchange for extinguished aboriginal land rights," *AFGE,* 195 F. Supp. 2d at 21-22, Congress chose to remove the limitation on the size of sole source contracts that can be awarded to qualified and capable Alaska Native Corporations in the Section 8(a) Program. As a point of reference, there are over 127,000 Alaska Native shareholders of the more than 200 Alaska Native Corporations. Alaska Native Corporations also not only benefit their respective shareholders, but Alaska Natives in general with programs set up for descendants of shareholders and the Alaska Native community. Even though Alaska Native Corporations are serving this large base of Alaska Natives, restrictions on the use of sole source awards to Alaska Native Corporations in the 8(a) Program have been adopted over the years.

The Benefit to Permitting More "Follow-On" 8(a) Contracts

Another important issue regarding the 8(a) Program and sole source awards are the restrictions on the award of sole source "follow-on" contracts. Currently, if an 8(a) Program participant completes an 8(a) sole source contract, SBA rules prohibit a Federal agency from

awarding a new sole source contract for that same work (a "follow-on" contract) or to any company in that contractor's family of companies (*i.e.*, a subsidiary or a sister company). One thing that is very problematic about this rule regarding "follow-on" contracts is that it flies in the face of the basic purpose of the 8(a) Program giving small companies a growth opportunity as they earn new business through superior performance. In many cases, an 8(a) Program participant can be awarded a start-up project and do well only to watch the follow-on contract (and the subsequent growth opportunities) be handed-off to another, unrelated company who will benefit from the work they started. Any limitation on follow-on contracts should recognize this fact by allowing the follow-on to occur no more than three times. Doing so will both benefit Alaska Native Corporations (and non-Alaska Native Corporation 8(a) Program participants such as "Lower 48" Tribal and Native Hawaiian Corporations) by permitting them to continue to grow and take advantage of the expertise and experience that they develop through hard work, while also benefiting the Federal Government by permitting them to continue to utilize the management team that has developed the experience and know-how to effectively, efficiently, and cheaply deliver under the contract. Only truly effective and efficient 8(a) Program participants will receive follow-on work through sole source contracts, as Federal contracting officers are not going to issue sole source contracts to entities that have not demonstrated excellence and efficiencies in their prior performance of the work. It is important to recognize that sole source awards are not required—a variety of sole source authorities exist in Federal law, and the SBA 8(a) authority is but one of them. These sole source authorities exist purely as "tools in the Federal toolbox" to be used at the discretion of the Federal agencies that need flexibility in acquisition and procurement. If conducted properly, the Federal Governments' interests are fully protected in the negotiation and award of a sole source award under the 8(a) Program.

Excessive Delays in Obtaining Security Clearances for Government Contractors

In addition to the specific changes to the 8(a) Program discussed above, there are other important areas of needed improvement in the Federal contracting area. One area of critical need is security clearances for both individuals and facilities. Obtaining the appropriate facility and personnel security clearances are a critical and major hurdle to successful Government Contracting by all small businesses, not just Alaska Native Corporations.

In 2014, the Office of Personnel Management's (OPM) major security clearance contractor, USIS, was targeted by a massive cyber-attack which compromised the personnel files of as many as 25 million Government workers. As a result of this information compromise, OPM terminated its long stand and substantial contracts with USIS and opted to pursue an in-house solution to security clearance processing. In January 2016, OPM announced the creation of a semi-autonomous agency, called The National Background Investigations Bureau (NBIB), which would be responsible for conducting investigations into individuals who need to hold security clearances for employment purposes. Today, NBIB is the primary service provider of background investigations for the Federal Government and conducts approximately 95 percent of Government-wide background investigations for more than 100 Federal agencies.

Implementation of this change was hampered as OPM struggled to standup the requisite personnel, creating a significant slowdown in clearance processing and an enormous backlog of pending clearance requests that exists to this day. During a Senate Intelligence Committee Hearing held on March 7, 2018, Charlie Phalen, Director of the NBIB said there are currently 710,000 investigations in backlog, of which 164,000 are records checks or credentialing support, 337,000 are initial investigations, and 209,000 are reinvestigations. Since 2014, the time it takes to get a clearance has more than doubled, with a Secret clearance taking more than eight months and Top Secret/Sensitive Compartmented Information (TS/SCI) clearances taking more than a year. ManTech CEO, Kevin Phillips, has testified that he estimates "approximately 10,000 positions required from the contractor community in support of the intelligence community have gone unfilled due to these delays" since 2014. The delays and costs of this process have caused the Government Accountability Office (GAO) to place it on its "High-Risk List," which designates Government programs and projects in need of major improvements or overhaul.

These delays in obtaining security clearances has a material impact on small businesses, including those in the 8(a) Program. While there is a significant amount of unclassified work in the Federal market, much of it requires security clearances. The classified work is especially attractive to contractors, because their contract values are generally higher than unclassified contracts of similar scope. However, getting a security clearance is very costly to small companies in terms of time, management involvement, and missed opportunities. For example, small businesses are often subject to a Catch-22. To get a Federal clearance, a company must first have key executives go through the process. After they are cleared, the organization can

then request a facility clearance. This leaves small companies with two basic choices. They can find people with existing clearances to serve as Key Management Personnel (KMPs) - something large businesses can do quite easily but small businesses struggle to do - or they can initiate the personnel clearance process for their non-cleared company managers. Depending on the level of clearance required, this process can take up to eighteen months.

Now for the catch. Before a company can submit a request for a clearance, whether for personnel or for a facility, they must have a classified project. So, to get a project you need a clearance, but to get a clearance you need a project. To make this work, small companies are forced to find sponsors (Government or contractor) who will agree to put them on their DD Form 254 and identify them as needing a security clearance. While it used to be a frequent practice, Federal Government agencies now rarely sponsor companies for clearance anymore. As a result, small companies are forced to find sponsors who will give them a subcontract and will wait for them to be granted their clearances. The longer the clearance process takes, the less agreeable sponsors are. As a result of the increasing delays in clearance processing, small companies are spending large amounts of limited resources and still finding themselves locked out of work they are otherwise qualified to do.

The issues described above are exacerbated by the fact that almost every agency in the Federal Government tends to put a unique spin on the clearance processes. There is no "one-process-fits-all" approach. Each has different paperwork, security requirements and investigative and adjudication process. Once granted, clearances issued by one agency are frequently not honored by another. So, companies like ours that work across a broad spectrum of Federal domains are required to manage each process independently using specialty personnel who have experience in each domain. This adds significant indirect costs to companies with small revenue bases, dramatically impacting rates and reducing their competitive posture.

Another issue relevant to small, Native-owned enterprises is a review that is conducted as part of the facility clearance process – the Foreign Ownership Control and Influence Review. Its purpose is to ensure there is no foreign control or influence over the firm before it is granted a clearance. Even firms that are 100% Alaska Native-owned are subject to this review, which constitutes the most time-consuming portion of the facility clearance process. Through their participation in the 8(a) Program and other small business programs, this step could be eliminated or expedited for Alaska Native-owned companies as way of issuing clearances faster.

The costs and management requirements of the clearance process would be tolerable if the time it takes to get through it didn't result in so many lost opportunities. Because of the current delays, small business contractors are missing out on many opportunities to grow and offer valuable services to the Government. In our company, we are forced to pass on several every year. Alaska Native Corporations, other small businesses, and the Federal Government are harmed by this market reality that could be fixed with nothing more than timely processing of security clearances.

There are some concrete steps that can be taken to address and remedy some of these issues. First, we should learn something from the startup of the NBIB in 2016. The DoD is set to take over its own background investigations after a provision in the recently passed 2018 National Defense Authorization Act transferred authority from NBIB to DoD. Many small business contractors we have talked to are concerned that what happened during the NBIB transition will also happen at DoD. Congress should ensure that the DoD is adequately prepared and has the necessary resources to hit the ground running on security clearances, including clearing up the massive current backlog.

Second, Congress and the SBA should encourage Government agencies to sponsor small companies. This will be especially helpful for small companies whose Key Management Personnel ("KMPs") are cleared, but they lack a corresponding facility clearance.

Third, the practice of expediting clearances for those designated as KMPs should be reinstated. This practice, which facilitated earlier eligibility for facility clearances and classified contracts, was recently suspended because of the tremendous backlog. While it was being used it was a big help, especially to small businesses where options for assigning KMPs are much more limited.

Fourth, the Federal Government should use technology to expedite the investigative process. Established and emerging technologies from email to artificial intelligence offer a wide range of opportunities to improve this process. The most basic improvements could come from simply applying everyday technologies to speed up outdated investigative techniques which are heavily dependent on manpower. For example, investigators must go in person and write notes, rather than use tablets or PCs. They must physically visit everyone, when social media could be effectively used for many needs. Subjects are prohibited from emailing any information to an investigator. They must use the postal system or fax machines for long distance data collection

rather than the internet. Some experts speculate that artificial intelligence, applied appropriately, could do a better job of assessing reliability than the investigative techniques used today.

Fifth, common investigative standards that apply across all Federal agencies should be implemented. In addition to the well-known DoD-level clearances we must process for employees, there are many other clearance types across the Federal spectrum – each with their own parallel clearance standards and different investigative and adjudication standards. When clearances are issued, some agencies will not recognize another agency's clearance and require contractors and employees to go through the investigation process again and again when moving across Federal domains. A more standardized approach to security clearances, and recognition by one Federal agency of the clearance granted by a different agency, should be mandated.

Sixth, the SBA should address and clarify the issue of facility clearances for SBA-approved mentor-protégé joint ventures ("JVs"). SBA-approved JVs are, by rule, unpopulated (i.e. do not have employees). The paperwork to request a FCL, however, has a question that asks, "Is this an unpopulated JV?" and, when answered, "yes," the JV is typically denied the clearance. To avoid that, we must use the rules permitting "administrative" staff to work for an unpopulated JV, so we can put a Facility Security Officer on the JV for a few hours of work. That makes the JV populated from an FCL standpoint, but still technically unpopulated by regulation. This unnecessary practice increases the complexity of 8(a) JVs to no advantage or benefit to the Government.

Finally, there should be better management of the need for classified positions. Many positions are probably overclassified. There are an estimated four million Federal employees and contractors who presently need a security clearance of one type or another. Better management of the number based on true need would result in contractors being able to put more people to work and would save the Government money as cleared people are generally more expensive than others.

We like an idea put forth by Jane Chappell, Vice President of Intelligence, Information and Services at Raytheon. She has suggested what she calls a "four ones" strategy: one application for processing applications, one investigation that continuously looks for additional information, one adjudication that is respected by all agencies, and one clearance that is recognized across the Government. We expect it will take the Government a long time to get

this outcome, but when it does it will have been worth the trip for many small Federal contractors.

Small Business Set-Asides Should be Exempt from Category Management

Category Management, while ostensibly streamlining acquisition, is lessening competition and harming small businesses. There are approximately 10 civilian agency category and 9 defense centric categories. These categories or buckets for supplies and services are accessed through contract vehicles.

Contract vehicles have limited opportunities for on-ramping and often overly restrictive/unneeded factors in the initial stages. These types of restrictions lessen the competition of qualified companies in trying to access or get onto the vehicle to access the category in which they do business. Some companies that can afford it, will try to buy another company just for the second company's place on a vehicle. This does not increase competition or streamline acquisition-it simply increases the costs of goods/services to the Government while lessening competition.

The U.S. Small Business Administration has come out against the lack of competition when it comes to small businesses in category management and has expressed this to OMB. "The concerns that we have, and that we've shared with the Office of Management and Budget, is the concern about the industrial base. Because the nature of multiple award contracts will be in place for five years, some of them may be in place for ten years, and if you're not on that contract, you're left out, you're not going to be competing for some of that work," said Crean. "If we in Government create vehicles and we don't understand the unintended consequences of having businesses who can't participate in the environment, then we may be closing doors and those businesses aren't going to survive."

The IRS has echoed those concerns that this is not a taxpayer savings or the perhaps the best model of competition. Additionally, a Congressional Research Study found that set-asides for small businesses are not mandatory for the Federal Supply Schedules (Category Management) run by GSA and can easily exclude small businesses. That is what, in fact, occurs.

For instance, just this year, GSA decided to utilize FAR 52.217-8, Option to Extend Services, to extend the base period of the GSA OASIS Pool 1 small business contract for six

months. As a result of the extension, the period of performance for the base award is from June 20, 2014 to December 19, 2019.[8] The agency stated that the decision was made to ensure continued performance and adequate competition while the agency was conducting source selections to refresh the small business pool. To support this endeavor, GSA issued a class deviation from FAR 52.219-28, Post-Award Small Business Program Representation. GSA deviated from FAR 52.219-28 and did not require firms to recertify size prior to the 6th year of the contract, ***effectively allowing large firms to receive orders under OASIS small*** and GSA to get small business credit. Delays in on ramps/not having enough small firms on OASIS small is not a public policy justification for deviating from SBA's recertification requirements. Actual small businesses on OASIS small should have competed for the work, or the acquisition could have been conducted on another contract or as a standalone contract.

In short, for small businesses, the impact of category management can be devastating. Category Management lessens competition, does not follow the normal procurement regulations for awards to small businesses, and leaves many out in the cold. For these and other reasons, SBA set-aside programs should be exempt from Category Management.

Unnecessary Use of Bridge Contracts in Federal Procurement Actions

The overuse of bridge contracts to address delays in the Federal procurement process is also an issue that should be addressed. Currently, contracting officers will use bridge contracts when transitioning from one contract to a new one if the new contract is not ready by the time the first contract is expiring. The bridge contract is with the incumbent contractor and is an extension of the original contract. While bridge contracts have their rightful place, too often they are used as a justification for delaying the acquisition process. We can wait months and years for Federal procurement officials to release RFPs, with the work continuing a bridge contract. Then, when the RFP is issued and proposals are submitted, protests can add months to the final award of contracts. Contracting officers also use bridge contracts to buffer gaps in the process caused by them and non-selected vendors. This is expensive for small business and it also almost always adds to the taxpayer's burden. So, while bridge contracts are appropriate and helpful when not overly depended upon, Federal procurement officials need to better manage the procurement process and timelines to minimize the need for bridge contracts.

---

[8] A copy of the contract may be viewed on the OASIS website at https://www.gsa.gov/cdnstatic/OASIS_SB_Pool_1_Contract.pdf.

The Impact of Cybersecurity Regulations on Small Businesses

Cyber security is also an important issue. The new cyber security requirements imposed by the DoD are a significant obligation that small businesses who contract with the Federal Government are struggling to meet. We recognize the need for enhanced cyber security in today's electronic day and age. However, the new standards adopted by the DoD, and the lack of clarity regarding those standards or how they will be implemented, has caused them to both be expensive to implement and have long-term cost impacts. Despite assurances to the contrary, the cost of DFARs compliance has not been minimal. It has been material and required substantial money, time and effort. In order to limit the impact on small businesses, we hope, and request, that Congress will take steps to ensure that non-DoD agencies adopt standards that are consistent with the new DoD standards so that competing or duplicative cyber security requirements are not imposed on small businesses.

Modernization and Improvement of the Buy Indian Act

Congress should also consider addressing the Buy Indian Act to make it a more viable and usefully contracting tool. We have not realized a significant benefit from the Buy Indian Act due to poor experience with it by our agency customers. The pool of dollars available under the Buy Indian Act is very limited and the probability of getting money from the fund is very low. As such, we do not use it as a marketing tool because it automatically lowers our credibility with Federal procurement officials. To make the Buy Indian Act effective requires additional funds for the Buy Indian Act fund and a more consistent approach to honoring the purpose and intent of the Buy Indian Act. Furthermore, neither the Buy Indian Act nor its implementing regulations have evolved to address todays Government Contracting word. The SBA should work with other agencies, and Congress, to update the Buy Indian Act, its regulations, and the application of those regulations.

Conclusion

As Alaska Native Corporations, American Indians, and Native Hawaiians, these Federal programs were intended to benefit those indigenous peoples. However, more often than not, the intent of Congress is undermined by Federal agencies when they draft and apply implementing regulations. In many cases, what Congress intended with its legislation is watered down and rendered ineffective, less effective, or so costly and burdensome to the entities that the programs are intended to benefit that it becomes impossible to realize Congress's intent. In the case of the

SBA and the 8(a) Program, it has been, and is, clear that the current regulatory process is not what Congress intended by requiring ANCSA and its related programs, including the 8(a) Program as applied to Alaska Native Corporations, to be carried out in "conformity with the real economic and social needs of Natives." In contrast, the regulatory process has generated a regulatory framework that often flies in the face of that Congressional intent, by making it so expensive and burdensome for small businesses to grow and succeed in the Federal contracting that it is almost impossible to either successfully enter the Federal contracting marketplace, or to maintain and grow if they manage to gain a toehold.

Thank you very much for the opportunity to testify before the Committee today. The work and focus that you are providing on the SBA, its 8(a) Program, and Alaska Native Corporations' participation in that program is an important step to ensuring that Congress meets its unique obligation and interest in providing for self-determination, economic and otherwise, of Alaska Natives. The SBA and its 8(a) Program, and its continued improvement and evaluation, is a critical part to meeting the Federal Government's goal of realizing the economic independence of Alaska Native Corporations and their shareholders. We appreciate your hearing of our concerns and suggestions, and we are confident that the Committee, and Congress as a whole, will take the necessary steps to strengthen and improve the 8(a) Program in specific, and Government Contracting in general, to benefit both the Federal Government and the Native peoples. We need action and not more procrastination by Federal agencies on these important issues. Federal agencies need to carry out Congress's intent and allow the indigenous people of the United States the opportunity to grow and bring their people to the same economic level equal as others, instead of allowing the poorest of the poor to continue to wallow in the dirt. We are not asking for a hand-out, but we are asking for a fair chance, consistent with Federal Government's unique relationship and obligation to Native peoples and Congress's intent and goal to provide the means for economic self-sufficiency of Native American communities, to become productive and equal members of the economy of the United State.

Written Testimony of

Kim Reitmeier

Executive Director

of

ANCSA Regional Association

before the

Subcommittee on Investigation, Oversight, and Regulations

of the

House Small Business Committee

on

Native 8(a) Contracting: Emerging Issues

October 22, 2019

The ANCSA Regional Association expresses our sincere appreciation to Chairwoman Wu and the Investigations, Oversight, and Regulations Subcommittee of the House Committee on Small Business for allowing us this opportunity to submit written testimony for the record for the hearing titled "Native 8(a) Contracting: Emerging Issues".

About the ANCSA Regional Association

The ANCSA Regional Association (ARA) was founded in 1998 to represent Alaska Native regional corporations created pursuant to the Alaska Native Claims Settlement Act of 1971 (ANCSA). ARA's membership is comprised of the twelve-land based Alaska Native regional corporations; our members represent over 130,000 Alaska Native shareholders. Our board is composed of the presidents and chief executive officers of our member corporations. ARA's purpose is to promote and foster the continued growth and economic strength of the Alaska Native regional corporations on behalf of their Alaska Native shareholders.

About the Alaska Native Claims Settlement Act of 1971

The Alaska Native Claims Settlement Act of 1971 (ANCSA) was a new approach by Congress to federal Indian policy. ANCSA extinguished aboriginal land title in Alaska. It divided the state into twelve distinct regions and mandated the creation of twelve private, for-profit Alaska Native regional corporations and over 200 private, for-profit Alaska Native village corporations. ANCSA also mandated that both regional and village corporations be owned by enrolled Alaska Native shareholders. Unlike in the 48 contiguous states where the reservation system was the norm, ANCSA departed significantly – it was not based on the reservation system, tribal sovereignty within a reservation, or a government-to-government relationship between a tribe and the federal government. Instead, ANCSA's foundation was in Alaska Native corporate ownership as a means toward economic freedom.

Through ANCSA, the federal government transferred 44 million acres – land to be held in corporate ownership by Alaska Native shareholders – to Alaska Native regional and village corporations. The federal government also compensated the newly formed Alaska Native corporations a total of $962.5 million for land lost in the settlement agreement.

Upon the passage of ANCSA, a new era began for Alaska Native people. Many of the early leaders of the Alaska Native regional corporations had never worked in a corporate business and few had college degrees, let alone advanced degrees in business or law. Alaska Native people did not choose the words the "corporation" or "shareholder" to describe themselves. These words were defined for them. Alaska Native people had little choice but to adapt and begin the work of enrolling Alaska Native shareholders into their respective Alaska Native regional corporation, selecting lands of both economic and cultural and historical significance, as well as creating

businesses to meet the mandate of ANCSA to be for-profit corporations capable of providing benefits to their shareholders. When the deadline for original shareholder enrollment closed, the twelve Alaska Native regional corporations had enrolled nearly 64,000 Alaska Native people into their respective regional corporations.

Despite the humble beginnings, Alaska Native regional corporations, through the federal mandate of a corporate model and with the goal of economic freedom, have become an integral part of the Alaska economy.

Participation in the SBA 8(a) Business Development Program

Alaska covers over 400 million acres, which is more than two times the area of Texas. Meanwhile, the population of the state hovers around only 700,000 residents. There are nearly 200 communities across the state, which vary in population from less than 20 to roughly 300,000. Most of the communities in Alaska are not on a road system and are accessible only by boat or plane. According to the State of Alaska Department of Commerce, Community and Economic Development, there are fewer miles of road in Alaska than in any other state in the country.[1]

The elements that make Alaska special are the same elements that create challenges in meeting the needs of those living in rural Alaska, most whom are Alaska Native people. The sheer size of Alaska and the remoteness of communities makes travel to and from expensive. Travel is not the only service that is expensive, the cost of fresh food is significantly higher in communities that are not on the road system. In January 2019 the average price of gasoline in rural Alaska was $5.20 per gallon, the national average is $2.25 per gallon.[2] The cost of groceries in rural Alaska averages twice the cost of that in the Lower 48 states.[3] Access to broadband, a service that a majority of those on this committee takes for granted, is severely limited in rural Alaska. These are only a few of the economic obstacles that communities in rural Alaska face.

---

[1] According to the State of Alaska 86% of municipalities in Alaska are not connected to a road system. (State of Alaska, Department of Commerce Community and Economic Development. "Alaska Mapping Business Plan"

[2] The State of Alaska surveyed 100 communities across rural Alaska between November 2018 and January 2019 to determine the average price for gasoline and heating fuel. State of Alaska, Department of Commerce Community and Economic Development, Division of Community and Regional Affairs, "Alaska Fuel Price Report: Current Community Conditions – January 2019", https://dcced.maps.arcgis.com/apps/Maplournal/index.html?appid=bb871a9cbc024e1bbd4fc65c679f8612

[3] The State of Alaska Department of Labor released an updated "Alaska Economic Trends" in July 2019. In the report, it states the per week average cost of groceries for a family of four in the United States is $149. Of the communities in rural Alaska the State surveyed, the highest cost of groceries was $396, nearly two and a half times above the national average. http://labor.alaska.gov/trends/jul19.pdf

The size of the state, the remoteness of communities and the relatively small population also make attracting investment to create sustainable, scalable economies in rural communities and regions difficult. The passage of ANCSA, and the creation of for-profit Alaska Native corporations brought forward a mechanism to help offset some of the economic obstacles faced by Alaska Native people and Alaska Native communities.

Like many other for-profit corporations Alaska Native corporations pay annual dividends to their shareholders. Alaska Native regional corporations also use their revenues to improve the quality of life and economic well-being of their shareholders. Alaska Native regional corporations invest in their people and communities through contributions focused on social, health, cultural, and educational services. More specifically benefits to Alaska Native people and their communities in the form of jobs, scholarships, internships, contributions to non-profit entities, burial benefits, elder benefits, dividends, monetary and in-kind contributions to tribal entities, and more. Returning benefits to Alaska Native shareholders, descendants and Alaska Native communities are possible only when an Alaska Native corporation is successful in its business operations.

Alaska Native regional corporations are driven to be successful to bring more than dividends to their shareholders; they strive to return both monetary and non-monetary benefits to their shareholders, communities, and regions. The extinguishment of aboriginal land title in Alaska and the for-profit corporate model ANCSA created, ANCSA is viewed as the mechanism to continue providing economic benefits to Alaska Native people.

The twelve Alaska Native regional corporations, through their subsidiaries, operate in a variety of industries including: construction, environmental services, natural resource development, technology services, real estate, government contracting and more. The diversification of their businesses is a natural progression to continue in creating stable and sustainable businesses to provide meaningful monetary and non-monetary returns to their Alaska Native shareholders for the long-term.

Alaska Native corporations, through the passage of ANCSA, are owned by Alaska Native people. Ownership and control of Alaska Native corporations lie with their Alaska Native shareholders; the shareholders elect the board of directors who control strategic business operations of the Alaska Native regional corporation. The boards of directors of the twelve Alaska Native regional corporations are composed only of Alaska Native shareholders or descendants.

An important tool for Alaska Native corporations to continue providing economic returns to their shareholders and assist in diversifying their business lines is their participation in the U.S. Small Business Administration's 8(a) Business Development Program. The 8(a) Business Development Program provides economic development opportunities for Tribes, Alaska Natives corporations, and Native Hawaiians.

The SBA states the benefit of the 8(a) business development program is, "To help provide a level playing field for small businesses owned by socially and economically disadvantaged people or entities, the government limits competition for certain contracts to businesses that participate in the 8(a) Business Development program."[4] The federal government defines who qualifies for participation in the 8(a) Small Business Development Program.

Through various amendments to ANCSA, Congress affirmed Alaska Native corporation participation in the 8(a) Business Development Program. It is through ownership by their Alaska Native shareholders that Alaska Native corporations are deemed economically and socially disadvantaged. The federal government's determination that Alaska Native corporations are socially and economically disadvantaged means that participation by Alaska Native corporations in the 8(a) Business Development program allows for the economic benefits from participation in the program to benefit thousands of Alaska Native people and their communities.

Alaska Native corporations recognize that simply qualifying for the 8(a) Business Development program does not guarantee success. Alaska Native corporations do not want handouts, but rather believe their ability to participate in the 8(a) Business Development program provides them a hand up. It is then their responsibility to build success through exceptional performance, competitive rates, and providing value to the federal government.

Benefits to Shareholders, Descendants, Communities

ANCSA permitted Alaska Native regional corporations to provide benefits to their shareholders. Alaska Native regional corporations meet and exceed this by providing various monetary and non-monetary benefits to their shareholders and descendants. As stated earlier, Alaska Native regional corporations invest in their people and communities through contributions focused on social, health, cultural, and educational services.

Alaska Native regional corporations recognize that providing benefits to individual shareholders and descendants cannot be a one size fits all approach. Instead, Alaska Native regional corporations provide benefits to shareholders and descendants in a variety of ways that support the needs of individuals and communities. For example, some shareholders and descendants may want to pursue higher education or technical training, while others may want to stay in their community. Acknowledging that shareholders needs and wants are different, Alaska Native regional corporations answer the call to their best of their ability.

[4] Small Business Administration. *(a) Business Development Program. https://www.sba.gov/federal-contracting/contracting-assistance-programs/8a-business-development-program

All Alaska Native regional corporations made long-term investments in creating an informed, educated, and a ready Alaska Native workforce for generations to come. Between 1977 and 1993, each of the twelve regional corporations chose to provide the initial financial investment to create separate non-profit foundations to support the advancement of the educational endeavors of their shareholders and descendants. To date, the twelve education foundations have awarded more than 54,000 individual scholarships to Alaska Native shareholders and descendants, totaling more than $100 million for Alaska Native people to pursue various educational endeavors. In FY 2018 alone, over $10.3 million was awarded in scholarships to Alaska Native students. The five-year average of the total scholarship amount awarded to Alaska Native students is $7.8 million.

Not all shareholders and descendants want to pursue higher education and would prefer to stay in their community. Dividends and contributions to non-profit organizations and tribal entities allow for shareholders and descendants to offset some of the costs of living in their home community. Dividends can also be used to fuel their four wheelers, snow machines and boats to hunt on traditional homelands and waters. In FY 2018, Alaska Native regional corporations distributed over $217M in dividends to their over 130,000 Alaska Native shareholders. Dividends in FY 2018 represented 31% of the overall net income of the twelve Alaska Native regional corporations.

Alaska Native regional corporations support a variety of Alaska Native non-profit organizations and tribal entities. Support of these organizations and entities reflects the understanding and belief in the unique landscape of Alaska Native representation and ownership in Alaska. Alaska Native corporations, Alaska Native village corporations, federally recognized tribes, and Alaska Native regional non-profit organizations have some overlap in who they represent and serve, however, their roles and governance directives are distinct and legally outlined. In FY 2018, Alaska Native regional corporations contributed nearly $16 million to Alaska Native non-profit organizations and tribal entities across the state. The $16 million in monetary contributions does not include the in-kind contributions Alaska Native regional corporations contributed to the other Alaska Native organizations. In-kind contributions in the form of professional assistance brings real value, especially if the organization is struggling financially. The various monetary and non-monetary contributions help perpetuate the Alaska Native way of life, preserve Alaska Native languages, and support Alaska Native shareholders and descendants living in rural communities across the state. Following are examples of ways Alaska Native regional corporations give back to their shareholders, descendants, and communities.

Culture camps play an essential role in ensuring the traditional Alaska Native ways of life carry forward. Alaska Native regional corporations invest in culture camps to teach current and future generations a working knowledge of Alaska Native cultural and traditional practices.

There are 20 distinct Alaska Native languages, but according to the Alaska Native Language Center, only one is spoken by children as a first language at home.[5] In response, some Alaska Native regional corporations have invested heavily in language revitalization and preservation, recognizing the importance of teaching future generations their Alaska Native languages.

The size of Alaska and lack of transportation infrastructure create challenges for rural residents faced with the loss of a loved one. Acknowledging these challenges across rural Alaska, many Alaska Native regional corporations offer financial support for burial and funeral expenses to families of deceased shareholders and descendants. Support funds can be used for burial, funeral, and travel for family members to attend the funeral.

Most Alaska Native regional corporations have internship programs in place, typically intended for high school and college student shareholders and descendants. The internship programs introduce shareholders and descendants to various types of business operations and future employment opportunities. Internship programs expand participants' awareness of long-term career opportunities in Alaska Native corporations and the broader business community.

As Alaska Native regional corporations expand business operations, there are an increasing number of opportunities for careers in science, technology, engineering, and mathematics (STEM) fields. As a result, many Alaska Native regional corporations and their subsidiaries contribute financial support to the Alaska Native Science and Engineering Program. ANSEP, housed at the University of Alaska, is a STEM program for Alaska Native students from sixth grade through high school. By participating in ANSEP, high school students can earn university credit in undergraduate degree programs. By contributing to ANSEP, Alaska Native regional corporations are helping empower Alaska Native youth to pursue careers in the STEM fields.

Alaska Native corporations provide benefits to their shareholders, descendants, and communities in very impactful ways. None of these benefits or impacts would be possible if Alaska Native corporations were not successful in their business operations. The SBA's 8(a) Business Development program is one tool Alaska Native regional corporations utilize to comply with the intent of ANCSA.

Closing

The federal government's decision to change its approach to federal Indian policy and order Alaska Native people into a corporate model created a system where not only Alaska native people had to

[5] Alaska Native Language Center. University of Alaska Fairbanks. "ANLC supports the study and use of Alaska Native languages", https://www.uaf.edu/anlc/

adjust their approach to building a sustainable future for themselves, but also the federal government had to change its approach to ensure the economic success of the mandates outlined in the law.

Alaska Native regional corporations are operating as the federal government intended – they are for-profit businesses. They continue to grow and diversify their lines of business, attract talent to help grow revenues, and they have business operations near the seat of power to address issues that may arise. They are acting as any for-profit corporation would in order to create and maintain a sustainable business model. However, unlike other for-profit corporations, Alaska Native regional corporations are driven to be successful to bring more than dividends to their shareholders. They are driven by their Alaska Native values to bring both monetary and non-monetary returns to their shareholders, communities, and regions.

Alaska Native people had their aboriginal land title extinguished by this body, and they were forced into a corporate model by this body. Their right to participate in the SBA 8(a) Business Development Program was affirmed by this body.

Alaska Native corporation participation in the 8(a) Business Development Program helps meet the Congressional mandate to operate as for-profit corporations. In order to provide benefits to their Alaska Native shareholders, Alaska Native corporations must be successful. ANCSA, written and passed by this body, created Alaska Native corporations, owned by Alaska Native shareholders. As the shareholder base of Alaska Native corporations grows, the pressure to perform in order to meet the needs of Alaska Native people and communities they represent also grows.

On behalf of the twelve Alaska Native regional corporations, we invite you to Alaska to visit our communities, meet our shareholders, and see first-hand the impacts our Alaska Native corporations have on our people and Alaska.

Thank you again for the opportunity to submit testimony to share the story of Alaska Native regional corporations, and how Alaska Native corporation participation in the SBA's 8(a) Business Development Program benefits thousands of Alaska Native people.

○