Tribal Update on Native 8(a) and Other Small Business Issues

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Success of SBA 8(a) Program

- Small Business Act's Section 8(a) Business Development Program has been helping Native and minority individuals break into the federal market since the 1970s, but Indian tribes and ANCs were not eligible to apply for 8(a) certification.

- In 1988, Congress heard testimony from key representatives of tribal and ANC businesses, including Laguna Industries, urging SBA amendments to: allow 8(a) certification of tribal- and ANC-owned firms; extend the program term; permit a tribe or ANC to form more than one 8(a) firm and receive larger sole source contracts; and foster mentor-protégé relationships between tribal and ANC 8(a)s and larger companies through joint venture arrangements.

Laguna Industries + Raytheon

1988 Testimony of Laguna Industries' CEO

-- Resources included tribal, federal (BIA and ANA) and private (Raytheon Service Co.)

-- Assessment showed facilities, management and technical assistance, and training needs

-- Mid-1980s on, it took 5 years to establish legal framework for 8(a) status (under a DOD-SBA MOU) and award of first contract

--Raytheon helped Laguna for years on all aspects

--UIDA (now NCAIED) provided technical assistance

Tribal 8(a) Provisions Enacted

- 1988 Amendments included provisions proposed by Laguna and other Native business advocates
- Companies owned by tribes and ANCs were made eligible to apply for 8(a) certification
- Tribal- and ANC-owned 8(a) were exempted from new caps imposed on 8(a) sole source awards because of the need to generate revenues and jobs for the benefit of entire Native communities
- Allowed tribal- and ANC-owned 8(a) firms to form mentor-protégé and joint venture relationships with other contractors to build capacity more quickly

Important 1988 Enactments

- AIPTACs authorized to provide procurement technical assistance to tribes, tribal- and ANC- owned enterprises, and firms owned by individual Native Americans, Alaska Natives and native Hawaiians
- 5% Indian Incentive Payments authorized in Indian Finance Act Amendments and later funded in DOD Appropriations Acts

Progress in 20 Years (1988-2008)

- Hundreds of community-based enterprises owned by tribes, ANCs and NHOs compete in the federal market successfully
- Native contracting revenues are increasing, but still are a tiny fraction of the market
- Mentor-Protégé, joint venture and other teaming arrangements continue to help new market entrants build capacities to succeed

Progress in 20 years – cont'd

- AIPTAC Program has expanded from 1 to 6 centers nationwide
- NABECs operate in 8 locations nationwide
- 5% Indian Incentive Program, funded at $8 million per year since 1991, just received a $7 million increase to $15 million for FY 2008 to reduce the backlog of approved, but unfunded, IIP requests

National Native Organization Partners

- NCAIED-NCAI Joint Advocacy Efforts:
  - Add $1 million to funding for the 8 existing Native American Business Enterprise Centers (NABECs) at Commerce
  - Urge $3 million to establish the high-level Office of Native American Business Development at Commerce, created by law in 2000 but not yet independently funded
  - Add $10 million to create more Native Community Development Financial Institutions
  - Provide full funding for the 6 AIPTACs
  - Continue funding the 5% IIP Program at $15 million

Entrepreneurial Development Bills

Pending House and Senate proposals:

- Authorize SBA's Office of Native American Affairs, a new grant program to create Native American Business Centers, and two pilot grant programs for joint assistance projects
- Create a Minority Entrepreneurship and Innovation Pilot for minority institutions and tribal colleges to develop business training curricula and establish SBDCs on their campuses
- Reauthorize SBA's SCORE Program, Small Business Development Centers (SBDCs) Program, Women's Small Business Ownership Programs
- Establish a new SBA Office of International Trade

Small Business Contracting Reforms

- Pending House and Senate proposals to:
  - reauthorize all SBA small business contracting programs (e.g., SDVOB, SDB, WOB, HUBZone and 8(a) programs)
  - Raise individual net worth limits for 8(a) certification
  - Raise 8(a) sole source “competitive thresholds”
  - Break up or limit bundled or consolidated contracts, and allow small businesses teams to compete for such contracts
  - increase small business contracting goals
  - move towards higher size standards
  - strengthen small business subcontracting plan provisions and enforcement

NCAIED-NCAI-NACA Joint Advocacy

- Educating policy markers on the success of and need to preserve the special 8(a) provisions for tribal, ANC and NHO enterprises
- Working with the SBA on consultations to improve the 8(a) regulations, including the Mentor-Protégé provisions, by:
  - establishing a web portal for 8(a) companies to report data on contract performance, status of Mentor-Protégé and Joint Venture agreements in achieving milestones, and other data points to enhance overall performance and oversight
  - Strengthening the Mentor-Protégé program to ensure it really emphasizes mentoring and benefiting the protégé, beginning with a detailed assessment of protégé needs, agreement on mentor activities to address those needs, and milestones to track and assess progress and achievement

Native Business Development Overall

- 2008 could bring positive reforms in small business development and contracting
- Native economic development and business assistance programs will be enhanced
- Special rules for Native 8(a) enterprises are working as Congress intended, and must be preserved
- If Native groups work with other small and minority groups to support anti-bundling and other reforms, and insist federal agencies meet and exceed their small business contracting goals, we all can win.

American Indian National Business Directory

THE NATIONAL CENTER FOR AMERICAN INDIAN ENTERPRISE DEVELOPMENT
NATIVEEDGE
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www.NATIVEEDGE.ORG

For more on available Native business development assistance, go to:

- The National Center (800) 462-2433
  www.ncaied.org

- NativeEDGE, the Native American Indian Business Development Web Portal that has been enhanced by the National Center to work in conjunction with the NABECs and AIPTACs it supports.
  www.nativeedge.org

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