



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



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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



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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



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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



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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



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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)!



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