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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

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June 30, 2014

The Honorable Maria Contreras-Sweet
Small Business Administration Administrator
U.S. Small Business Administration
409 3rd St, SW
Washington, DC 20416

Dear Ms. Contreras-Sweet:

As a part of the Subcommittee's oversight of contract management, I am writing to request information regarding the U.S. Small Business Administration's (SBA) review of the participation of Alaska Native Corporations (ANCs) in the 8(a) small and disadvantaged business contracting program.

As you know, in the 1980s and 1990s, Congress passed a series of laws which made ANCs eligible for federal contracting opportunities, including the SBA's 8(a) program. Since then, many ANCs have grown to be multi-million dollar corporations that are among the largest federal contractors. In 2009, I held a hearing that highlighted my concerns about ANCs' participation in the 8(a) program, including a lack of oversight by SBA, the use of ANCs to circumvent the federal contracting process, and that the benefits were not reaching disadvantaged Alaskan natives.¹

In October 2009, SBA offered a set of proposed rules designed to increase oversight into the 8(a) program.² The revised rules took effect March 14, 2011.³ Under the new rules, SBA tightened requirements for joint ventures with non-8(a) companies, provided that ANCs and tribal entities could no longer receive sole-source follow-on contracts previously performed by

¹ Senate Subcommittee on Contracting Oversight, *Contracting Preferences for Alaska Native Corporations*, 111th Cong. (2009) (S. Hrg. 111-250).

² Small Business Administration, *Small Business Size Regulations; (8)a Business Development/Small Disadvantaged Business Status Determination*, 74 Fed. Reg. 55694 (October 28, 2009) (proposed rule).

³ Small Business Administration, *Small Business Size Regulations; 8(a) Business Development/Small Disadvantaged Business Status Determinations*, 76 Fed. Reg. 8221 (February 11, 2011) (final rule).

another subsidiary owned by the same ANC, and required ANCs and tribal entities to report the benefits provided to their shareholders.⁴

To assist the Subcommittee in its ongoing oversight, I request that you provide the following information:

- (1) A list of joint venture contracts awarded under the 8(a) program where an ANC or a tribal entity was a party from March 14, 2011, to present;
- (2) All reports filed by ANCs and tribal entities detailing the amount of benefits flowing back to their communities from March 14, 2011, to present; and
- (3) Information sufficient to show SBA's oversight of the new rules related to joint ventures and follow-on contracts for ANCs and tribal entities.

I request that you provide this information in a briefing for Subcommittee staff as soon as possible, but no later than **Friday, July 11, 2014**.

The jurisdiction of the Subcommittee on Financial and Contracting Oversight is set forth in Senate Rule XXV clause 1(k); Senate Resolution 445 section 101 (108th Congress); and Senate Resolution 64 (113th Congress).

I appreciate your assistance. Please contact Margaret Daum with the Subcommittee at (202) 224-7155 with any questions. Please send any official correspondence relating to this request to Kelsey_Stroud@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Chairman
Subcommittee on Financial and Contracting
Oversight

cc: Ron Johnson
Ranking Member
Subcommittee on Financial and Contracting Oversight

⁴ *Id.*