

Chairman Simpson, Ranking Member Pingree, and distinguished members of the Subcommittee, thank you for hosting today's important hearing highlighting the various issues facing Tribal and Native communities. My name is Jon Panamaroff and I am testifying today in my capacity as Co-Chair of the Native American Contractors Association, or NACA, and highlighting the policy challenges facing Native federal contractors. I am a member of the Native Village of Afognak, and I grew up in rural Alaska. I also serve as the Chief Executive Officer of Command Holdings, the federally chartered Section 17 holding company of the Mashantucket Pequot Tribal Nation.

NACA was formed in 2003 as the national organization representing companies owned by Alaska Native Corporations, Indian Tribes, and Native Hawaiian Organizations—collectively referred to as Native entity-owned companies. Our mission is to strengthen Native self-determination through participation in federal contracting, grounded in the unique political and legal relationship between Native peoples and the federal government. NACA represents 45 organizations nationwide that collectively serve more than one million Tribal citizens, Alaska Native shareholders, and Native Hawaiians.

Background:

The Small Business Administration's (SBA) 8(a) Business Development Program is central to this mission. Congress explicitly authorized Tribal participation in 1982, expanded the program to Alaska Native Corporations in 1988, and to Native Hawaiian Organizations in 2002. This framework is rooted in the Constitution, affirmed repeatedly by Congress, and reinforced through decades of bipartisan support. While the 8(a) Program is not funded through the jurisdiction of this subcommittee, but rather through the Financial Services and General Government subcommittee, the impacts this program has on Native communities and economies intersects here with the issues that others are raising today.

Native 8(a) companies are fundamentally different from individually owned firms. They are not owned by a single entrepreneur or driven by private shareholder return. Instead, they are community-owned enterprises with a direct responsibility to reinvest profits into the people they serve. Revenues generated through federal contracting support essential services such as health care, education, public safety, housing, and infrastructure—often in some of the most remote and logistically challenging regions in the United States. Native participation in the 8(a) program is therefore part of the federal government's fulfillment of its trust and treaty obligations. Participation by Native entity-owned companies in the 8(a) Program is statutorily mandated by Congress. In doing so, Congress has exercised its constitutional authority to regulate commerce with Indians under the Indian Commerce Clause of the Constitution.¹ Indeed, Congress has expressly confirmed that Federal procurement programs for Native entity-owned companies, including the 8(a) Program are “enacted pursuant to its authority under Article I, Section 8 of the United States Constitution,” *i.e.* the Indian Commerce Clause.

The success of this model is clear. In Fiscal Year 2024, Native 8(a) companies received \$26.2 billion in federal contract awards, representing approximately four percent of all federal contracting. Nearly 70 percent of those awards supported the Department of War, where Native

¹ “The Congress shall have Power . . . To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes. . . .” U.S. Const. art. I, § 8, cl. 3.

contractors deliver mission-critical capabilities, support readiness, and enable rapid response through streamlined procurement authorities. These tools reduce procurement timelines, lower administrative burden, and improve continuity of operations across the government, which strengthens the lethality of the warfighter.

Further, the revenue that is gained through government contracting is unrestricted, and the funds are put in the entity's general funds to be used at the discretion of its governing body. These communities are able to use these funds in the ways that make the most sense for them that benefits and serves their citizens and members. The priorities of those Tribes in southern California are not the same as those in upstate New York, nor the same in the North Slope of Alaska, or the Native communities in the remote islands of Hawaii. This program provides a unique avenue of economic development for Tribal governments, Alaska Native, and Native Hawaiians to provide for their people in the ways that are best for them.

Appropriation Priorities:

On behalf of the Native small business community, I want to sincerely thank the Appropriations Committee for its support in increased funding for the SBA's Office of Native American Affairs. This investment strengthens the resources available to Tribal entrepreneurs, enhances outreach and technical assistance, and ensures that Native-owned businesses have the tools they need to grow, create jobs, and build long-term economic prosperity. This office provides outreach and coordination to support Native-owned small businesses throughout small business contracting and lending, as well as advise the SBA on policies that have Tribal and Native implications and coordinates Tribal consultations and listening sessions for the SBA. The office is now funded at \$5.3 million in Fiscal Year 2026 (FY26), and we ask for continued stable funding in next year's bill.

I also want to thank the committee for the stable funding to the Indian Incentive Program (IIP), funded in the Defense appropriations bill. The IIP provides a 5% rebate to prime contractors who subcontract to Native-owned businesses. The program is currently funded at \$25 million annually, which promotes \$500 million in Native firm performance. Over the nearly 50-year history, corresponding appropriations have not matched the significant increases in DoD spending. NACA requests an increase of \$35 million in appropriations for the IIP to provide needed opportunities for Native entity-owned small businesses to sub-contract, partner with, and again valuable contracting experience and performance with larger prime contractors. These changes will strengthen opportunities for Native-owned businesses to participate in Department of War contracts, support the U.S. mission and create more U.S. jobs. We appreciate your ongoing commitment to supporting economic development and ensuring that federal programs work effectively for Native enterprises.

However, the committee reduced the salary and expenses for the SBA last year by 10%, cutting it from \$361.2 million in FY25 to \$323.1 million in FY26. While we can appreciate this committee's and the administration's² efforts to use American taxpayer dollars in a more

² U.S. Small Business Administration, *Annual Report 2025*, "Enhancing Efficiency," SBA.gov (2026), noting the agency's reorganization to reduce workforce and eliminate approximately \$300 million in annual spending to improve efficiency and cut waste, <https://www.sba.gov/files/annual-report-2025>.

effective and efficient manner, these workforce reductions have directly and negatively impacted operations and processes on the ground. Recent reductions in the SBA workforce have strained the agency's ability to provide critical support to small businesses, making it more difficult for Native-owned enterprises to access capital, secure contracts, and create jobs nationwide.³

Additionally, the SBA has effectively paused the intake of new 8(a) firms. The SBA has not approved a new 8(a) participant since August 15, 2025. In 2025, SBA approved only 66 applicants. That was down from over 700 in 2024. Meanwhile, one-ninth of 8(a) firms graduate from the program every year. The effective suspension of approvals for new 8(a) applicants has particularly acute consequences for Native-owned entities. When application approvals stall, communities that have invested significant resources in forming compliant business structures, recruiting management teams, and preparing for participation experience both immediate loss and long-term economic disruption. The uncertainty surrounding entry into the 8(a) Program undermines planning, workforce development, and capital allocation decisions that are made in reliance on the program's statutory framework. As a result, the impact affects broader community stability and economic self-determination. NACA is greatly concerned with this backlog of reviews and approvals. We recommend Congress provide sufficient funding for staffing at the SBA to ensure the agency is following Congressional intent when implementing the program to allow for proper participation in the 8(a) program, and allow for timely review and approval of 8(a) applications.

Your commitment to Native economies makes a meaningful difference in communities nationwide, creates new job opportunities, and especially helps the most vulnerable in vast rural areas of the country. We are deeply grateful and look forward to working with you in the FY27 process to continue these efforts.

Substantial Economic Benefits to Native Communities

Federal contracting provides documented, substantial economic benefits to Native communities, funding essential government services where the tax base is either lacking or non-existent. The profits directly fund services and programs to chip away at the disparities found in many Native communities. The funds generated through federal contracting flow directly back to Native communities in multiple forms: education, healthcare, elder benefits, culture preservation, infrastructure, and employment.

The scale, both in amount and type, of these benefits is attributable to expanded opportunities to participate in federal contracting provided by Congress, including through the 8(a) Program. According to a comprehensive 2021 study by the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis, federal contracting to Native-owned companies has grown from close to zero percent of federal contracting in the mid-1990s to approximately 2.5% by the end of 2021.⁴ The study further documented that federal contracting generated approximately \$202 billion in total revenue for

³ Small Business Majority. "Gutting SBA Workforce Programs Is 'More Devastating News' for Small Businesses." *Small Business Majority*, February 15, 2023. <https://smallbusinessmajority.org/press-release/gutting-sba-workforce-programs-more-devastating-news-small-businesses>.

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See <https://www.minneapolisfed.org/article/2022/federal-contractings-expanding-revenue-role-in-indian-country> and <https://www.minneapolisfed.org/article/2023/native-entities-and-the-federal-contracting-landscape>.

Native entities between 1981 and 2021. Critically, 95% of this work was performed off Tribal and Native lands, demonstrating that these programs create economic opportunity beyond reservation boundaries while generating benefits that flow back to Native communities.

The benefits and opportunities afforded to Native entities by Congress, including the ability to have multiple subsidiaries operating as 8(a) participants and higher sole-source awards under the 8(a) Program, are in recognition of the scope of support that Tribes, ANCs, and NHOs provide their communities. For instance, an ANC may serve 30,000 to 40,000 shareholders. A single Tribe may serve hundreds of thousands of enrolled Tribal citizens. For these populations, SBA federal contracting programs, including the 8(a) Program, provide diversified economic opportunity, resilience against market fluctuations, and sufficient scale to generate meaningful per-capita benefits or dividends. This stands in stark contrast to individually-owned federal contractors or other 8(a) companies, which typically support the economic welfare of a single business owner and immediate family. While such support is important and valid, Congress recognized the fundamental difference when it structured the 8(a) Program and other small business programs to include community-facing entities, including Native entities serving thousands of beneficiaries. And as the SBA's Office of Business Development 8(a) Business Development Program FY 2023 408 Report to the Congress demonstrates, Native entities are providing in excess of a billion dollars annually in benefits to their members, ranging from direct distributions to programs benefiting the youth, elders, and Native heritage and culture.⁵

This program is not a direct funding program to Tribes and Native communities, but a certification program in order to receive set-aside government contracts. Native entities recognize that they must provide the government good value and exceptional service at competitive rates, as they have historically done. If Native enterprises do not provide good value, government customers will not use them—regardless of their 8(a) contracting status. The marketplace is crowded with highly competent, highly skilled federal contractors, and such competition compels Native entities to deliver the best quality service in order to remain competitive and to succeed.

Conclusion:

In closing, Native participation in federal contracting delivers substantial benefits to both Native communities and the federal government. There are real benefits flowing to real people—Alaska Native shareholders living in remote villages, Tribal citizens on reservations with limited economic opportunities, and Native Hawaiians seeking to preserve their culture while participating in the broader economy. The Native 8(a) program is working exactly as Congress intended—strengthening Native economies, supporting federal missions, and fulfilling the federal government's trust responsibility out people.

Thank you again for the opportunity to submit this testimony for the official hearing record and for the Committee's efforts to provide clarity and education on the 8(a) Program. NACA looks forward to continuing to work with and support the Committee's efforts to protect and defend Native entity-owned contractors.

⁵ https://www.sba.gov/sites/default/files/2024-07/Final%20FY%2023%20408%20Report%20to%20Congress_508.pdf