

**ALASKA STATE LEGISLATURE**  
**JOINT MEETING**  
**SENATE SPECIAL COMMITTEE ON WORLD TRADE, TECHNOLOGY AND**  
**INNOVATION**  
**HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL**  
**TRADE AND TOURISM**  
October 26, 2009  
11:11 a.m.

ROY TANSY, JR. Chief Operating Officer  
Ahtna Inc.

**POSITION STATEMENT:** Testified about the benefits derived from participation in Native 8(a) contracting.

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ROY TANSY, JR. Chief Operating Officer, Ahtna Inc., explained that Ahtna was incorporated in 1972 and did a lot of profitable contracting with Alyeska Pipeline Service Company on the TAPS pipeline. Alyeska work declined and Ahtna Inc. started its first 8(a) company in 1994. By the late '90s it had four 8(a) companies that generated about \$50 million in annual revenue. An overly complex management structure and some wrong-doing by management brought Ahtna to the verge of bankruptcy by 2001. Management was changed and ownership of companies was made more transparent. In 2005 Ahtna was able to secure an \$80 million three-year 8(a) contract that enabled it to climb out of the hole. Today Ahtna owns 100 percent of ten companies; four are in the 8(a) program and revenues approach \$225 million. Those 8(a) companies have fueled other economic development for the corporation, Mr. Tansy said.

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MR. TANSY said that about 45 percent of Ahtna's budget is dedicated to shareholder benefits including scholarships, ten internships, and \$3,000 death benefits to shareholders. The corporation has been able to address issues and protections such as the homesite program, culture preservation, and subsistence preservation. Ahtna Inc. issued \$500,000 in dividends in 2007 and 2008 and this year it started an elder benefits program and opened its stock to new shareholders. Ahtna Inc. currently has 1,322 shareholders.

REPRESENTATIVE DOOGAN asked what would happen to the corporation if Congress were to do away with the 8(a) program.

MR. TANSY speculated that economic development would be hampered. The more mature companies have proven they can move forward but Ahtna puts profits from 8(a) operations into things that aren't necessarily profitable including tourism, regional development, and energy. Those would suffer.

REPRESENTATIVE DOOGAN summarized that the corporation would make it as a business, but the parts of that business that benefit the people in the region might suffer.

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REPRESENTATIVE TUCK asked if Ahtna is competing against other Native corporations for these 8(a) contracts.

MR. TANSY said absolutely.

REPRESENTATIVE TUCK commented that there needs to be a system whereby the public understands completely how the 8(a) program benefits everyone, particularly villages in Alaska.

MR. TANSY agreed, adding that increasing shareholder hire is equally important. He noted that last year Ahtna had about 122 shareholders working fulltime for the corporation, which was roughly one-third of its Alaska operations. The corporation had 1,600 employees and the shareholder payroll was about 10 percent.