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GOVERNOR



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OFFICE OF THE GOVERNOR OF GUAM

February 15, 2022

The Honorable Raúl Grijalva  
Chairman  
House Committee on Natural Resources  
1324 Longworth House Office Building  
Washington, D.C. 20515

**RE: H.R. 6504, Native Pacific Islanders of America Equity Act**

*Håfa Adai* Chairman Grijalva,

Thank you for the opportunity to provide testimony in support of H.R. 6504, to identify Native CHamoru organizations as an eligible disadvantaged group for federal contracting under the Small Business Administration (SBA).

Guam's population has significantly declined over the last ten years. Results from the 2020 Census reflect an overall 3.5% decrease in the number of local residents. With the disruption to our lucrative tourism industry caused by the COVID-19 pandemic, we look forward to the new business opportunities that this legislation would provide for Native CHamoru organizations. Our decline in population and significant loss in tourism arrivals, in addition to the inequity under federal programs, will adversely affect our ability to generate sustaining economic growth if additional opportunities are not created, especially at this pivotal time for economic recovery.

Many businesses in Guam continue to experience economic loss and hardship stemming from the pandemic. SBA programs such as the Restaurant Revitalization Fund (RRF), Economic Injury Disaster Loan (EIDL), and regular 7(a) loan guaranty programs have been vital in providing necessary economic aid. However, we have noticed the inequitable treatment our people have received within these programs.

For example, of the 297 Guam businesses that applied for funding through the RRF, only about 27% qualified and received RRF funds. Unlike our state counterparts, who have diverse markets to supplement their economies, our food establishments are a large segment of our island's tourism industry - Guam's primary industry. Guam is in a unique situation because our recovery is tied to international travel, which continues to be negatively impacted by the COVID-19 pandemic.

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Other programs, including the Targeted Economic Injury Disaster Loan and Supplemental Targeted Advance left many of Guam's businesses without the assistance they need. In order for establishments to avail themselves of these programs, they needed to be located within low-income communities, as identified in the SBA's mapping tool, which used the latest census data. For Guam, the SBA's mapping tool did not identify our low-income communities, despite the U.S. Department of Agriculture's recognition of Guam's island-wide school district as a high poverty zone in 2018. For the purposes of most federal grant applications, the entire U.S. territory of Guam is considered an underserved and disadvantaged population. This inconsistency has caused many of our business owners to be declared ineligible for funding.

My Administration is prepared to carry out the provisions of this bill requiring the establishment of a genealogy database under the Office of the Governor of Guam to identify individuals as Native CHamorus. Gaining federal recognition is most essential to extend federal contracting opportunities afforded by the SBA to Native CHamoru small businesses, including the 8(a) Business Development Program. In Fiscal Year 2020, 8(a) firms were awarded \$34.0 billion in federal contracts, including \$9.3 billion in 8(a) set-aside awards and \$11.1 billion in 8(a) sole-source awards. Such funding is critical for our small businesses to obtain the training and supplies needed to maintain their operations given the nation's rise in the cost of goods, and to bolster the island's rate of employment.

To effectively implement this legislation, we request that an appropriation be included in the bill to adequately provide for the necessary resources that will be required to establish and maintain a Native CHamoru registry. Given the shortfalls caused by the COVID-19 pandemic, we must ensure that our government will have the means to carry out the bill's provisions effectively. Additionally, we request that an amendment be added to require rules and regulations on how the Office of the Governor will work with SBA to provide information necessary for the determination of whether an organization is a Native CHamoru Organization.

With these recommended changes, this legislation will provide greater parity for our people and allow our small businesses to flourish at the same level as other federally recognized organizations. We would like to recognize Delegate San Nicolas for this initiative, and we thank the Committee for acknowledging the importance of this measure and for giving us the opportunity to have our voices heard.

*Senseremente,*



**LOURDES A. LEON GUERRERO**

*Maga'hågan Guåhan*

Governor of Guam