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To: Committee on Natural Resources
From: Pacific Federal Management, Inc. // Robert Patrick Salas II
Date: February 15, 2022
Re: Testimony in favor of Bill H.R. 6504 Native Pacific Islands of America Equity Act

Thank you Chairman Rijalva, Vice-Chairman Sablan, Ranking members Bruce Westerman and Jennifer Gonzales-Colon of the sub-committee, and all distinguished members of the Natural Resources Sub-committee for the opportunity to testify in favor of Bill H.R. 6504 - Native Pacific Islanders of America Equity Act ("Bill")¹.

I believe if passed, the Bill, represents a huge step in creating equity and justice for the Native CHamoru people in Guam and the Northern Marianas islands (collectively, "Native" or "Chamoru"). Similar to laws that already exist to assist Native Hawaiians and Alaskans, the Bill promotes economic development and growth for the Native CHamoru People by allowing economically disadvantaged organizations to participate in the Small Business Administration 8(a) Business Development program ("SBA 8(a) Program"). Ultimately, the Bill would help a socially and economically disadvantaged community develop, grow, and prosper. The bill comes at the most opportune time, when there is a military buildup in the Pacific region. Guam has approximately 6,000 troops transferring from Okinawa to Camp Blas with other bases being established within the region. As a result, these native organizations would have the opportunity to grow under this program and contribute to the federal government's development within their local region.

I am a native CHamoru business owner, born and raised in the island of Guam, that performs contracting work on federal military bases. Therefore, I am extremely invested in the local community and the build-up on the islands. I strongly believe that we have the talent, passion, and entrepreneurial spirit on Guam and the Marianas Islands to benefit from the SBA 8(a) Program. In fact, in 2021, 3 businesses headquartered on Guam made the Associated Builders and Contractors ("ABC") top 200 performers list,² and in 2022, 4 businesses headquartered on Guam qualified as Accredited Quality Contractors ("AQC"). The AQC list is extremely selective and prestigious. To be eligible for consideration, companies must not only demonstrate financial soundness and quality of work but also exhibit adherence to the highest standards of safety. The companies must also invest in workforce development along with talent management. In addition, these companies are held to the highest degree of ethics and must demonstrate a culture of inclusion and diversity. In addition, the organization must participate in civic-oriented and community activities.

Three of the four companies that made the AQC list in Guam are either in the SBA 8(a) Program or graduated from the SBA 8(a) Program which is evidence that the SBA 8(a) Program works. Currently, there are only 10 8(a) firms registered on Guam, 4 of which are Native Hawaiian or Native Alaskan organizations. However, there are approximately 531 businesses registered with the Small Business Administration on

¹ Reference code: 15 U.S.C. 631, 632, 637 and 657a; 48 U.S.C. 1421et seq.

² 3 local contractors make top performers lists - [postguam.com](https://www.postguam.com/business/local/3-local-contractors-make-top-performers-lists/article_104ea5a0-6357-11ea-8785-07432c9ab866.html). The Guam Daily Post . (2020, March 12). Retrieved February 15, 2022, from https://www.postguam.com/business/local/3-local-contractors-make-top-performers-lists/article_104ea5a0-6357-11ea-8785-07432c9ab866.html

Guam, with approximately 130 of these businesses registered as Hubzone small businesses.³ Many of these businesses would likely be able to qualify for the SBA 8(a) program as a Native CHamoru business if given the right opportunity. If Bill H.R. 6504 passes, Mark Spain, the district director of the Hawaii SBA office, expressed his desire to pursue immediate recruitment efforts with a goal to increase the number of SBA 8(a) Program registered businesses in Guam to 30 by the end of the year⁴. Thus, the growth potential for small businesses on the islands would be tremendous if he was able to accomplish this goal. All this growth would enhance the competition within the marketplace that not only benefits us but also the federal government of the United States.

The Bill will act as a catalyst creating a cycle of growth achieved by giving the Native Organizations better opportunities, leading into the investment in talent within the local population, which will result in creating better and more efficient contracting service providers for the United States' government. The Bill, as it is written, requires that the Native Organization have the purpose of benefiting the Native community. Native Organizations in Guam will naturally invest in developing the local workforce, particularly by contributing to local educational institutions. The Native Organizations will do this by creating scholarships and internship programs for people in the region. Guam has an excellent educational institution with the University of Guam that already has several PhDs and Graduate students who are currently directly and indirectly working with the federal government. The University of Guam produces scientists who are responsible for protecting our island's natural resources and produces innovative engineers that take on the management of construction on the island. By further developing these resources on the island, we will ultimately decrease financial costs to the federal government by eliminating the need to import resources from abroad thereby eliminating per diem and travel related expenses. In addition, working with Native Organizations would remove the overhead expenses necessary to manage businesses off-island.

Small businesses that participate in the SBA 8(a) Program have an increased chance of growing to become a long-term partner for the federal government. Participants of the SBA 8(a) Program have several competitive advantages in the marketplace due to federal requirements placed upon federal contracting bodies. For example, the SBA 8(a) Program businesses have sole source opportunities to receive federal contracts and the chance to compete on certain contracts that are specifically set aside for 8(a) businesses. In fact, Native Alaskan and Native Hawaiian organizations have additional benefits beyond other traditional individual SBA 8(a) Program participants. For example, individually owned 8(a) businesses have sole sourcing amounts of \$4,000,000 (\$7,000,000 for manufacturing) whereas Native Alaskan and Native Hawaiian organizations have sole sourcing amounts up to \$100,000,000. The Native Alaskan and Native Hawaiian organizations also have increased flexibility towards managing ownership and affiliation rules within their entities which allows them to grow.

Aside from the competitive benefits described above, the SBA also provides business training, mentoring, financial assistance, surety bonding and other management and technical assistance. In addition, the SBA

³ *Dynamic Small Business Search*. Retrieved February 16, 2022, from https://web.sba.gov/pro-net/search/dsp_dsbs.cfm

⁴ News, J. T. I. I. P. D., & Nicolas/PDN, F. S. (2022, February 10). *Native-owned business legislation sees support*. [guampdn.com](https://www.guampdn.com/money/native-owned-business-legislation-sees-support/article_6dc5d440-8a44-11ec-adb5-4f65a88e021c.html). Retrieved February 15, 2022, from [https://www.guampdn.com/money/native-owned-business-legislation-sees-support/article_6dc5d440-8a44-11ec-adb5-4f65a88e021c.html/](https://www.guampdn.com/money/native-owned-business-legislation-sees-support/article_6dc5d440-8a44-11ec-adb5-4f65a88e021c.html)



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requires that the SBA 8(a) Program business provides periodic financial reports and updated business plans. By requiring the small businesses to hold themselves to this higher standard of reporting and accountability, the SBA creates the framework for the participants to evolve into longer lasting and more professional organizations. As such, businesses in the SBA 8(a) Program have the guidance to grow and mature to become long-lasting partners of the federal government.

We have talented and passionate people currently contributing to the military build-up here on the islands. We just need to be given the opportunity to develop and learn; and ultimately compete in the 8(a) business development program. Through HR Bill 6504, many more CHamorus will be able to create better lives for themselves, their families, and our community as a whole. The federal spending on the island can be further directed to help the native people of Guam and the Northern Marianas Islands. In turn, the Native CHamoru people will become better service providers creating more competition in the marketplace to ultimately provide a better product for the federal government. Just like our Native Hawaiian and Native Alaskan brothers and sisters, we are loyal, dedicated, intelligent and capable Americans, striving daily toward our American dreams. We just need the opportunity to make the dream a reality.

Sincerely

A handwritten signature in black ink, appearing to read 'Robert P Salas II', with a decorative flourish at the end.

Robert P Salas II