



U.S. Small Business Administration

TESTIMONY of

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Tax, and Capital Areas

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Chairman Brat, Chairman Knight, Ranking Member Evans, Ranking Member Murphy, and other distinguished members of this Committee. Thank you for inviting me here to speak with you today. It is truly an honor to speak before you today and I thank you for this opportunity to discuss the trends and challenges facing small businesses on the island of Puerto Rico. I stand ready to work with you and the committee to improve the future for small businesses.

My name is Robb Wong. I am the Associate Administrator for Government Contracting and Business Development (GCBD) at the U.S. Small Business Administration (SBA). I have been a lifelong entrepreneur and small business advocate. I have had a small business since the age of 11. After my education, I have been blessed to spend a majority of my 30-year career focused on small business federal contracting. I have personally seen SBA programs positively impact small businesses around the country. I started my career at the SBA years ago as an attorney in SBA's Office of General Counsel; I also spent several years working in both the SBA Houston and Lubbock district offices, and 6 months in GCBD in the early 90s. I left government and spent the past 20 years in several leadership positions within several small businesses that successfully relied on SBA products and programs to enhance their growth. I am a personal testament to the power and importance of the SBA's effectiveness in helping small business. I am blessed and fortunate to be back at an Agency that I love and to work with our Administrator Linda McMahon who is inspirational leader. I hope to help them to strengthen the SBA both now and for the future to help ALL small businesses.

Administrator McMahon has asked the new leadership at the SBA to make our programs as efficient and effective as possible to empower the further success of small businesses in the US. In that regard – my team's mission is to assure that small businesses continue to receive their fair share of federal government contracts; to optimize the present-state of the SBA certifications; and advocate on behalf of the small business community. We want businesses to spend less time applying for certifications, and more time USING them to grow their businesses. I hope to increase opportunities for small businesses as well as enhance their abilities to grow and compete by (1) reducing or eliminating regulations that are unnecessary and burdensome; (2) improving our processes without sacrificing quality; and (3) becoming more customer-centric. Finally, I

will work hard to advocate on their behalf for their inclusion government-wide as often as possible.

I am here today to talk about trends and challenges to Small Business contracting on the island of Puerto Rico. Within the past two weeks, Administrator McMahon visited the island to learn about how the SBA can best assist Puerto Rico in its economic recovery. She spent several days meeting small businesses and talking to local government officials – including Congresswoman González-Colón – to learn about economic conditions and challenges the island is facing.

GAO recently released a report detailing the challenges and trends in government contracting on the island of Puerto Rico. GAO noted that a high percentage of Puerto Rican small businesses use the 8(a), HUBZone, Service Disabled Veteran-Owned, and Women-Owned Small Business programs. However, we know that Puerto Rico faces unique challenges due to its economy and geography. Small businesses confront a number of challenges when they attempt to contract with the Federal Government including lack of knowledge about the federal contracting process; difficulty meeting procurement requirements; and minimal access to bonding, financing and capital. GAO found that small businesses in Puerto Rico feel these challenges more acutely than their counterparts off the island. The SBA appreciates GAO's work in this area.

While Puerto Rican small businesses are participating in Federal Contracting, more work needs to be done to increase their numbers. According to the Congressional Task Force on Economic Growth in Puerto Rico, Puerto Rico ranks 55th (out of the 50 states, D.C., and 5 major U.S. territories) by total dollar value of federal contracts performed in each jurisdiction per capita at \$430.6 million. Further, 53% of federal contracts performed in Puerto Rico were awarded to firms located outside the island. We know that in order for firms on the island to grow and thrive, more federal contracting needs to stay with local firms. Part of that effort will be to educate our Federal buying partners about the capabilities of Puerto Rican firms to do quality work – both on the island and off. We look forward to working with Congress to do that.

Administrator McMahon and I are committed to improving the delivery of our programs. Improving the programs as a whole will specifically benefit small businesses in Puerto Rico.

Businesses have an expectation that obtaining SBA 8(a) or HUBZone certifications will immediately and significantly improve their businesses and allow them to quickly win government contracts. Although we recognize that not all firms' expectations can be realized, we remain committed to helping firms to better understand the procurement process and to utilize our many resource partners to gain needed business development assistance.

SBA provides assistance to firms at all phases of the procurement process. Our District Office in Puerto Rico conducts small business outreach activities throughout the island including training and seminars to promote participation in the SBA's small business programs. The District Office has developed crucial relationships with local governments, nonprofits, chambers of commerce as well as resource partners such as SCORE, SBDC and Women Business Centers to provide a referral and training network for SBA programs. We are discussing with the Administrator ways to provide enhanced SBA support to Puerto Rico, such as revised HUBZone rules, suggestions to pending legislation, and enhanced procurement support.

The staff of Office of Government Contracting and Business Development continues to improve the implementation of the SBA's federal government contracting programs through improved application and certifications processes. With the expansion of eligible HUBZone census tracts in Puerto Rico, SBA continues to focus on online accessibility to the HUBZone program through improvement to our HUBZone maps and application process

The small businesses of Puerto Rico are essential to the economic recovery and future of the island; they are the island's innovators and job creators. Administrator McMahon and I, along with the SBA staff are committed to help the small businesses of Puerto Rico grow, innovate, and create jobs through the efficient and effective delivery of the SBA's federal contracting programs. This creates meaningful and sustainable jobs, and promotes economic growth in the community.

I reaffirm my commitment to work together with you and the Committee to improve the future for small businesses.

Thank you for the opportunity to speak with you today. I am happy to take your questions.